Preparing for NEMT Service Delivery in a Managed Care Environment

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Presented by:
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Instructors

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  o President, RLS
  o 37 Years Experience in
  o Transportation Planning
  o Leads RLS Role as Primary Consultant to Ohio Department of Transportation’s “Mobility Transformation” Initiative
    ▪ Working to Coordinate Reform All State Agency Regulations Impacting Human Services and Public Transportation
    ▪ Extensive Work and Consultation with Ohio Department of Medicaid
Instructors

♦ Rich Garrity
  - 46 Years Experience in Transportation Planning
  - Author/Co-Author
    - Impact of the Affordable Care Act on Non-Emergency Medical Transportation (NEMT): Assessment for Transit Agencies, Transportation Research Digest 109
    - Handbook for Examining the Effects of Separate NEMT Brokerages on Transportation Coordination, TCRP B-44
    - An Overview of North Carolina’s Community Transportation System: An Examination of the Effectiveness of the Organizational Model in Today’s NEMT Brokerage Environment, NCPTA
    - Community Transportation Programs: A Proven Model of Efficient Human Service Agency Transportation, NCPTA
Webinar Content

1. RFP Requirements on NEMT
2. Managed Care in Other States
3. Community Transportation Prerequisites
4. Contract Negotiation with CPs and PLEs
5. Questions & Answers
Section 1

RFP REQUIREMENTS WITH RESPECT TO NEMT
The RFP

♦ RFP

○ Procurement Information
○ Definitions
○ Minimum Qualifications
○ Scope of Services
○ Contract Performance
○ Draft Rate Book
The RFP

- **Two Types of Entities**
  - Commercial Plans (CPs)
  - Provider-Led Entities (PLEs)
- **Capitated Payment Structure**
  - Sets Maximum Level of Payment Per Member Per Period
- **Four (4) Statewide Contracts**
- **Up to Twelve (12) Regional Contracts**
  - Only PLEs Can Receive Regional Contracts
  - There are Caps
Incremental Roll-Out of Managed Care

- **Phase 1**
  - Beginning November 1, 2019
- **Phase 2**
  - February 1, 2020
- **Some Indication that These Contracts Will be In Phase 1***
  - Statewide CPs
  - Single PLE Regions (1 and 6)

* Tentative
The RFP

♦ Enrollment
  ○ Will Begin 105 Days Before These Milestone Dates

♦ Eligible Members Choice Provider
  ○ No Choice? – Auto-Enrolled
# The RFP Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Milestone</th>
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<tbody>
<tr>
<td>Issue RFP</td>
<td>August 9, 2018</td>
</tr>
<tr>
<td>Pre-Proposal Conference</td>
<td>August 21, 2018</td>
</tr>
<tr>
<td>Deadline for Questions</td>
<td>August 24, 2018</td>
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<tr>
<td>Deadlines for Issuance of Addenda</td>
<td>September 10, 2018</td>
</tr>
<tr>
<td>Proposals Due</td>
<td>October 12, 2018</td>
</tr>
<tr>
<td>Evaluation</td>
<td>October 12, 2018 - February 1, 2019</td>
</tr>
<tr>
<td>Anticipated Contract Awards</td>
<td>February 4, 2019</td>
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Capitation Payments

- This Means the State Sets Rates
  - Risk-Adjusted Monthly Per Member Per Month Payments
- DRAFT Rate Book ($1.55 PMPM)

Learning the Language

- “Per Member/Per Month” Payments
  - How Do Such Rates Relate to “Cost Per Mile,” etc.?
Scope of Services

- “Non-Emergent” Transportation to Medical Care
  a Mandatory Covered Service in Medicaid
  - To Medical Appointments for All Eligible Individuals
    Who Need and Request Assistance
    - Transportation Will Be Available If the Recipient Receives A
      Medicaid Covered Service Provided By a Qualified Medicaid
      Provider (Enrolled As A North Carolina Medicaid And NC
      Health Choice Provider)
  - Medicaid Only Pays for the Least Expensive Means
    Suitable to the Recipient’s Needs
NEMT in the RFP

“Amount, Duration, and Scope”

- No Less than Current Fee for Service Model
- Least Expensive Mode Available Appropriate for the Member
- To Nearest Appropriate Enrolled Medical Provider
- No Cost Sharing
NEMT in the RFP

- **PHP Must Have an NEMT Policy**
  - Procedures for Booking Trips
  - Any Limitations
  - Advance Notice Requirements
  - Passenger Conduct Policies
  - No-Show Policies
  - NEMT as Last Resort
    - Unable to Arrange or Pay for Transport by Appropriate Means
  - Two-Day Advance Reservation Window (Max)
PHP Must Have an NEMT Policy
  - Appeals Procedures for Denied Service
  - Attendant Requirements

On-Time Parameters
  - Medical Appointments
    - Drop-Off at Destination
      - Member Must Arrive On-Time
      - No Sooner Than One (1) Hour Prior to Appointment
    - Pick-Up at Destination
      - Within One Hour Upon Completion of Treatment

Undefined “Urgent” NEMT Exempt from Advance Notice Requirements
## NEMT in the RFP

<table>
<thead>
<tr>
<th>RFP Requirement</th>
<th>Penalty</th>
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<tbody>
<tr>
<td>Failure to ensure that a Member receives the appropriate means of transportation as specified in 46 C.F.R. § 440.170 and as specified Section V.C.5. Non-Emergency Transportation.</td>
<td>$500 per occurrence per Member</td>
</tr>
<tr>
<td>Failure to comply with driver requirements as defined in the PHP NEMT Policy.</td>
<td>$1,500 per occurrence per driver</td>
</tr>
<tr>
<td>Failure to comply with the assessment and scheduling requirements as defined in the PHP NEMT Policy.</td>
<td>$250 per occurrence per Member</td>
</tr>
<tr>
<td>Failure to comply with vehicle requirements as defined in the PHP NEMT Policy.</td>
<td>$1,500 per calendar day per vehicle</td>
</tr>
</tbody>
</table>
Section 2

NEMT IN MANAGED CARE – OTHER STATE EXPERIENCE
Since the 1990s, States Have Been Progressively Moving the Medicaid Program from a Fee-for-Service Model to a Managed Care Model

Today, 38 States and the District of Columbia Have Executed a Total of 271 MCO Contracts
Some States

- Small Number of MCOs
  - North Dakota (1)
  - New Hampshire (2)
  - Nevada (2)
  - Mississippi (2)

- Larger Number of MCOs
  - California, New York (24)
  - Florida (17)
  - Texas (19)
  - Wisconsin (16)
No. of MCOs, by State: 2018

Who Are the MCOs?

Two Types

- Private, For-Profit Insurance/Health Care Companies
  - The Major Players, Based on Participation in Other State Medicaid Programs
    - United Health Care (26)
    - Anthem Blue Cross/Blue Shield (22)
    - Centene (22)
    - Molina (12)
    - Well Care (11)
    - Aetna (11)
Who Are the MCOs?

♦ Nonprofits
  o Typically Nonprofits or Local Health Care Collaborative
    ▪ University Hospital Affiliation
    ▪ Hospital Chain Affiliation
    ▪ Physicians Collaborative

♦ Almost a 50/50 Split in the Marketplace
  o 131 Corporate
  o 140 Other (Nonprofits or 1-State Corporations)
Who Are the MCOs?

♦ Statewide Contracts
  ○ Commercial Plans (CPs)
    ▪ Commercial Plans Will Almost Assuredly Use NEMT Brokers

♦ Regional Contracts
  ○ Provider-Led Entities (PLEs)
    ▪ More Prone to Enter Into Fee-for-Service Contracts
    ▪ BUT....Brokers Will Go After this Business
Section 3

COMMUNITY TRANSPORTATION PREREQUISITES
Recognize that Fee-for Service Type Contracts May Not be Dead

Brokers *May* Use Rate Setting Models to Dictate Rates to Providers
  - LogistiCare Has Developed Such a Rate Model

Other PLEs May Attempt to Use Capitated Rates as Well

CRITICAL Factor for Community Transportation Providers
  - You MUST Know Your Fully Allocated Cost of Service Delivery
Critical Factors For CTPs

♦ Know the Marketplace
  ○ What Other Medical Service Providers Are in Your Region?
  ○ This Will Impact Your Bargaining Leverage

♦ There are No Requirements or Incentives in the RFP to Coordinate or Respect the Existing Coordinated Services Network in NC
Critical Factors For CTPs

♦ It is All About Price

○ This Experience Will Differ Substantially from Previous Experience Dealing with the County DSS
  ▪ The CP Broker or PLE Will Not Care About Your Organization’s Status, NCDOT Coordination Goals, Executive Orders/History of Coordinated Service Delivery

○ You Cannot Set Price Without Knowing Your Cost
  ▪ If Your Agency Has Not Been Using the Cost Allocation Model, You Need To
Critical Factors For CTPs

♦ Cost Does Not Translate to Price With Medicaid
  ○ Critical Factors
    ▪ Medicaid Only Wants to Pay for Revenue Passenger-Miles
    ▪ Medicaid Will Not Pay for No-Shows
    ▪ Errors in Medicaid Billings/Processing
      • Some Trips Delivered Won’t Get Paid Due to Errors By Other Than the Community Transportation Program
Critical Factors For CTPs

♦ Pricing Options
  ○ Price Should be Developed on Your Costs Per Revenue Passenger Mile
    ▪ Ability to Shift Billing Units
  ○ Requires Some Automated Scheduling Software That Can Track Passenger Revenue-Miles
  ○ Thus, a Critical Step is to Compute Fully Allocated Costs
Critical Factors For CTPs

◆ Pricing Options
  ○ You Must Know Your Medicaid No-Show Rates
  ○ There Is Known Data on No-Show Rates in the Transit Literature, But Not By Program
  ○ Use Your Scheduling Software, if an Existing NEMT Provider, to Compute No-Show Rates Specific to Medicaid
  ○ CTPs Must Incorporate the Lost Revenues From No-Show Into their NEMT Cost Profiles or Will Lose Money on NEMT Service Delivery
Critical Factors For CTPs

♦ Pricing Options
  ○ Claims Not Paid Due to Processing Errors
  ○ Must Recognize They Occur
  ○ Managed Care Interjects Additional Layers Into the Trip Authorization Process
  ○ What is the Community Transportation Program’s Current Claims History?
  ○ Like No-Show, These Trips Need to be Incorporated into Your Pricing Model
Section 4

CONTRACT NEGOTIATION
Contract Negotiation

- Typically, Procurement Schedules are Not Conducive to Lengthy Transit Provider Network Development
  - This is an Inherent Advantage that Will be Enjoyed (But Only Temporarily) by Community Transportation Providers

- Understand that the Folks on the Other Side of the Table are Only Concerned with Price and Performance
Most CP Brokers and PLEs Will Negotiate Rates

Some Will Attempt to Dictate a Rate – Like It or Leave It

- The Transit Program Will Need to Understand if the Rate is Applied Per Trip or Whether There Will be Shared Ride Rates
  - Lower Payments are Made for 2nd, 3rd, etc., Trips Traveling from Same Origin and Destination
Contract Negotiation

♦ In Situations Where a CP’s Broker Dictates a Rate, the CTP Must Evaluate in Terms of Profit/Loss – Based on the Prerequisite Analysis (See Last Section)

♦ This May Require the Provider to Conduct a Breakeven Analysis on a Trip-by-Trip Basis
  ○ Assess Revenue Earned vs. Cost of Trip
Contract Negotiation

♦ Be Aware, Cost is Only First Element of Negotiation
♦ Contract Terms Can Undermine a Successful Rate Negotiation
♦ Type Types of Contract Clauses That Cause Concern
  o Performance Standards
  o Penalties
Contract Negotiation

♦ Be Aware, Cost is Only First Element of Negotiation
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♦ Type Types of Contract Clauses That Cause Concern
  ○ Performance Standards
  ○ Penalties
Penalties

- Previous Slide Discussed Penalties in the RFP
- Primarily Directed at CP/PLEs
  - But, These Provisions Will Flow-Down Into Provider Contracts
    - Also, Likely that Other Penalties Will be Added
- Experience Suggests Amounts are HIGHLY Punitive and Not Based Actual Damages Incurred
- Penalties are NOT Eligible Costs Under the Section 5311 Program
Penalties

- Penalties Rarely Effective Means of Improving Contractor Performance
  - Better: Good System Allows BOTH Incentives and Penalties

- Negotiation Goal – If Not Stipulated by State, All Penalties and/or Amounts Negotiable
  - Absolute Penalties (e.g., No Recourse) Should Only be Assessed on Major, Extremely Egregious Actions on the Part of the Provider, NOT Minor Performance Issues
Performance Standards

- If Proposed, Be Leary of Performance Standards Require 100% Accomplishment
  - Transit Involves Events Outside Your Control
- Always Include Clause That Excuses Transit Provider for Events Beyond its Control
- Performance Metrics Should be Based on % of Actions Performed Within an Agreed Standard
  - Example
    - 95% of All Trips Picked-Up 0 – 10 Minutes of Promised Time
    - 99% of All Trips Picked-Up 0 – 20 Minutes of Promised Time
Trip Acceptance
- There is No Rule that a Provider Must Accept 100% of Assigned Trips by a Broker or PLE
- Conditions for Refusing Trips Should be Addressed

And, as a Last Resort – Don’t Be Afraid to Walk Away
- Better Option to Contract Your Program Than to Lose Money
- Distinct Possibility CTP Program Metrics Could Improve Without NEMT
Contract Negotiation

♦ Contract Clauses
  ○ Review the Contract Instrument Carefully!
  ○ Beware of Any Clause that are a Restraint of Trade
    ▪ Non-Compete Clauses
      • These are Attempts to Hinder Competition Among Brokers
      • Such Actions are Counter to FTA’s Overarching Principles in Procurement (Maximum Open Competition)
    ▪ Exclusivity Clauses
      • Given the Structure of the RFP – With as Many as 6 PHPs in Some Regions, Working Only for a Single Broker Will Not be in the Best Business Interests of the Community Transit Program
Contract Negotiation

♦ Contract Clauses

- Clauses that Suggest or Require That Medicaid Trips Should be Given Scheduling Priority
- Clauses that Inadvertently Violate FTA Standards
  - Providing Service in Exclusive Ride Mode (Not Meeting the Definition of “Eligible Public Transportation”)
  - Providing U.S. DOT Drug and Alcohol Test Results to Medicaid Officials (Not Permitted)
Questions and Answers

♦ Audience Submitted Questions Through Chat Window
Presenters

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