



**Moving Public Transportation
Into the Future**

Preparing for NEMT Service Delivery in a Managed Care Environment

August 29, 2019

Presented by:

RLS & Associates, Inc.

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Instructors

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- President, RLS
- 37 Years Experience in
- Transportation Planning
- 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



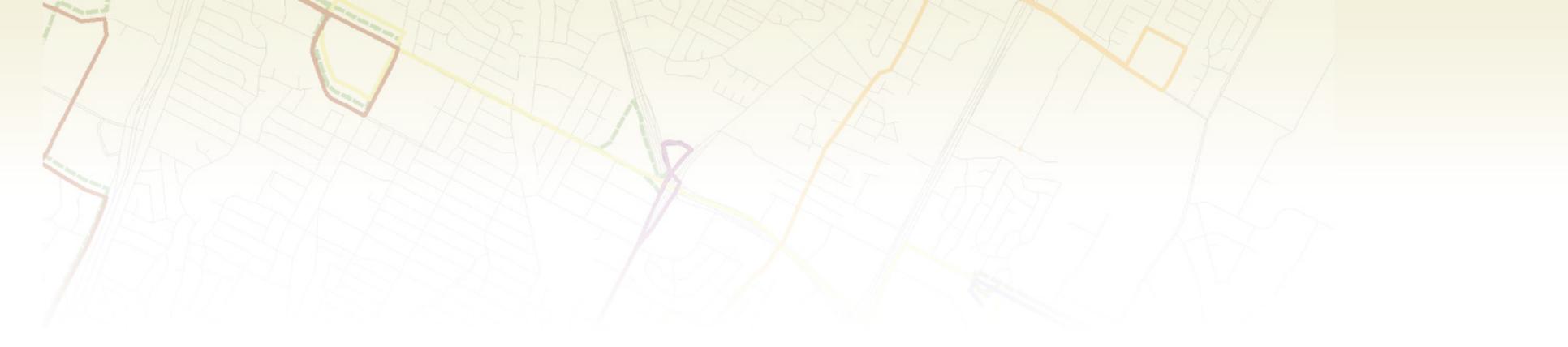
3 Community Transportation Prerequisites



4 Contract Negotiation with CPs and PLEs



5 Questions & Answers



Section 1

RFP REQUIREMENTS WITH RESPECT TO NEMT

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The RFP

◆ RFP

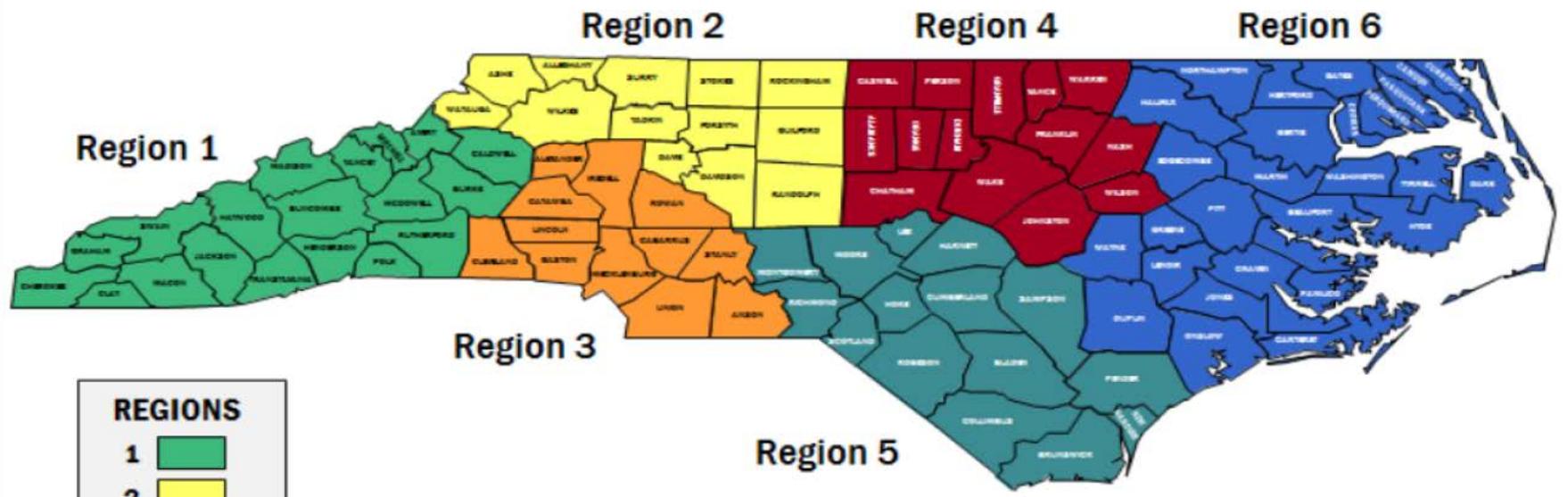
- **Procurement Information**
- **Definitions**
- **Minimum Qualifications**
- **Scope of Services**
- **Contract Performance**
- **Draft Rate Book**



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**

PHP regions



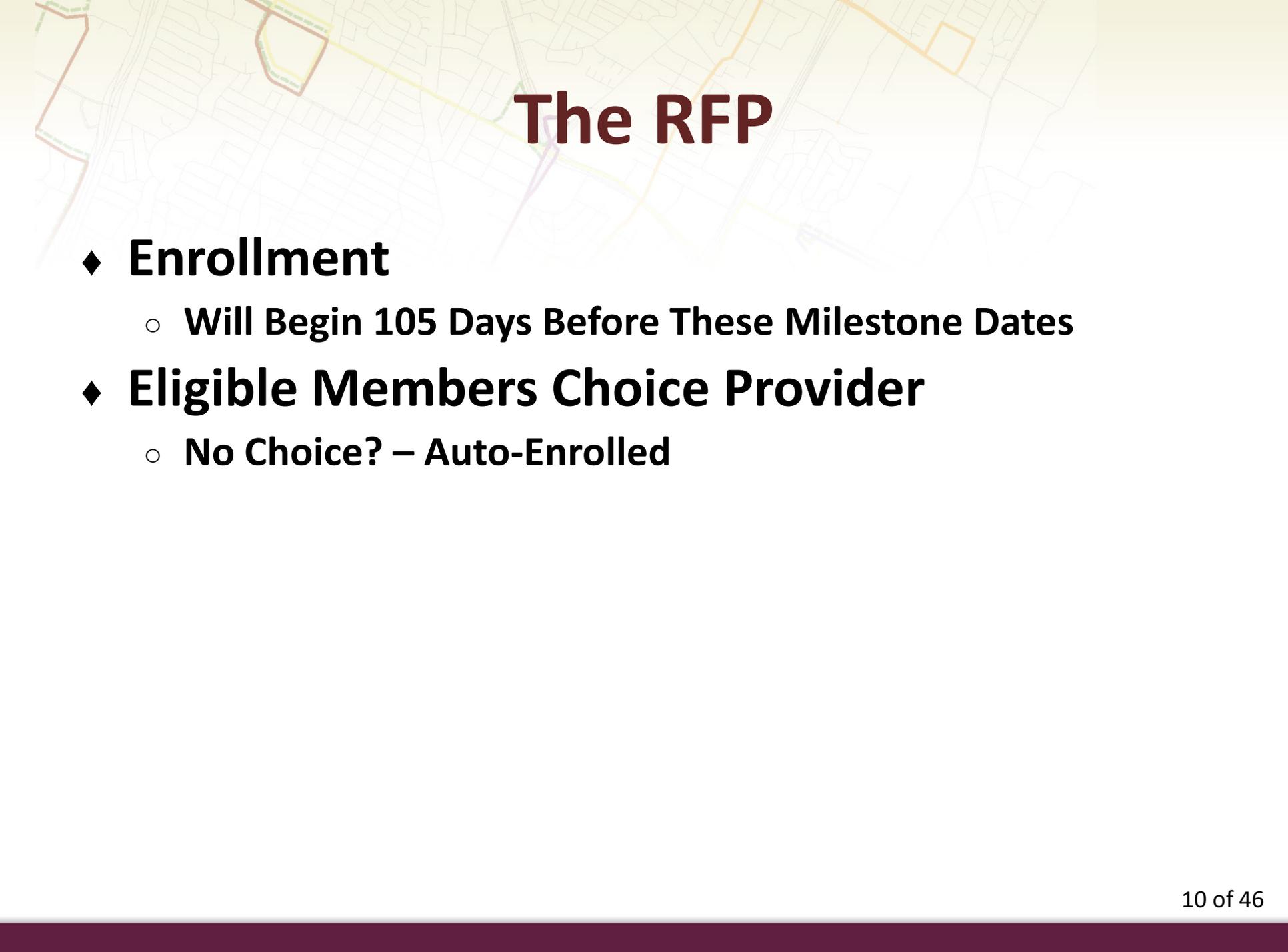
REGIONS	
1	
2	
3	
4	
5	
6	



The RFP

- ◆ **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

A background map showing a street grid with several colored overlays: a red outline on the left, a yellow line running diagonally, and a purple shape in the center. The title 'The RFP' is centered over the map.

The RFP

◆ Enrollment

- Will Begin 105 Days Before These Milestone Dates

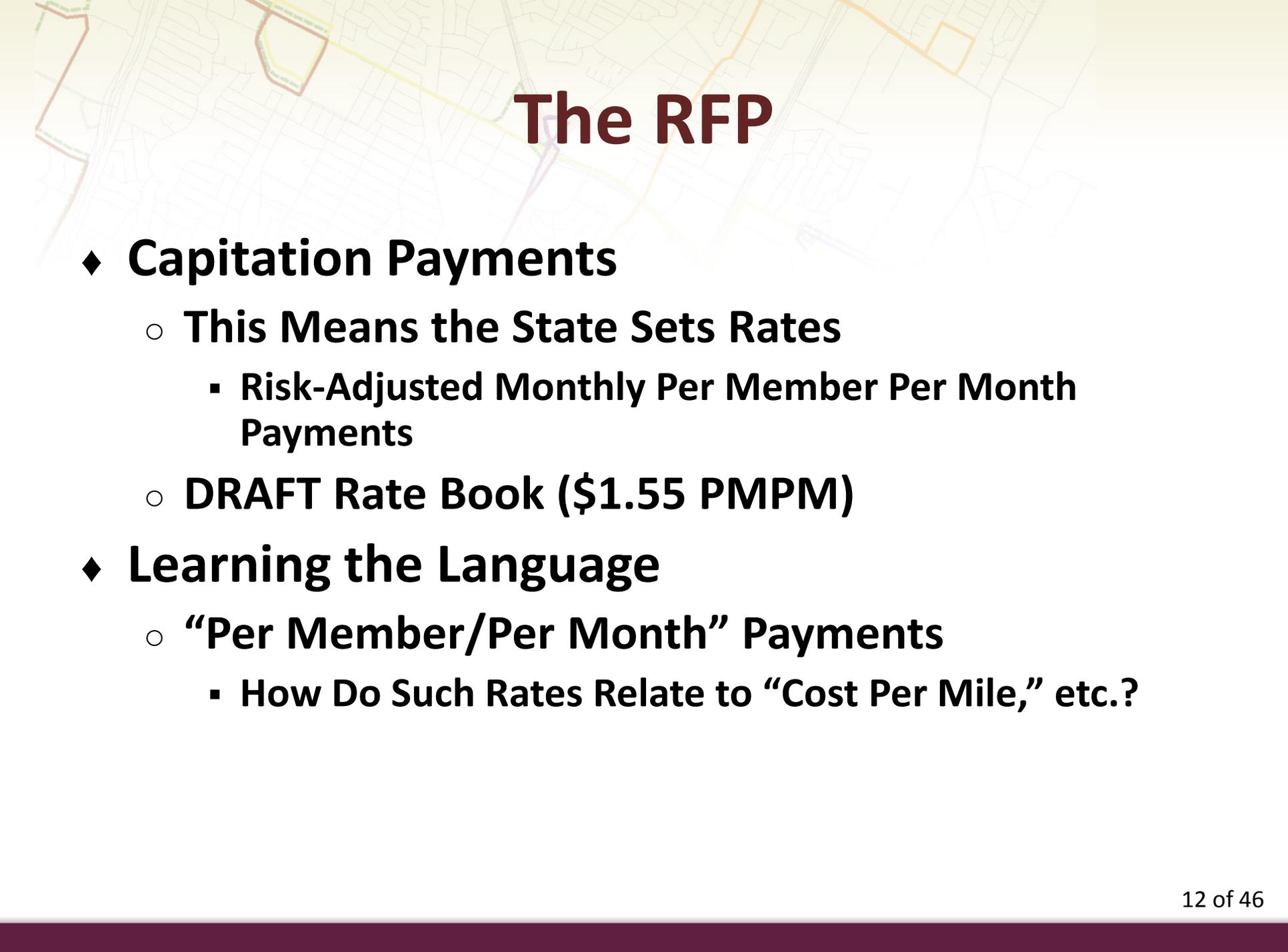
◆ Eligible Members Choice Provider

- No Choice? – Auto-Enrolled



The RFP Schedule

Activity	Milestone
Issue RFP	August 9, 2018
Pre-Proposal Conference	August 21, 2018
Deadline for Questions	August 24, 2018
Deadlines for Issuance of Addenda	September 10, 2018
Proposals Due	October 12, 2018
Evaluation	October 12 , 2018 - February 1, 2019
Anticipated Contract Awards	February 4, 2019



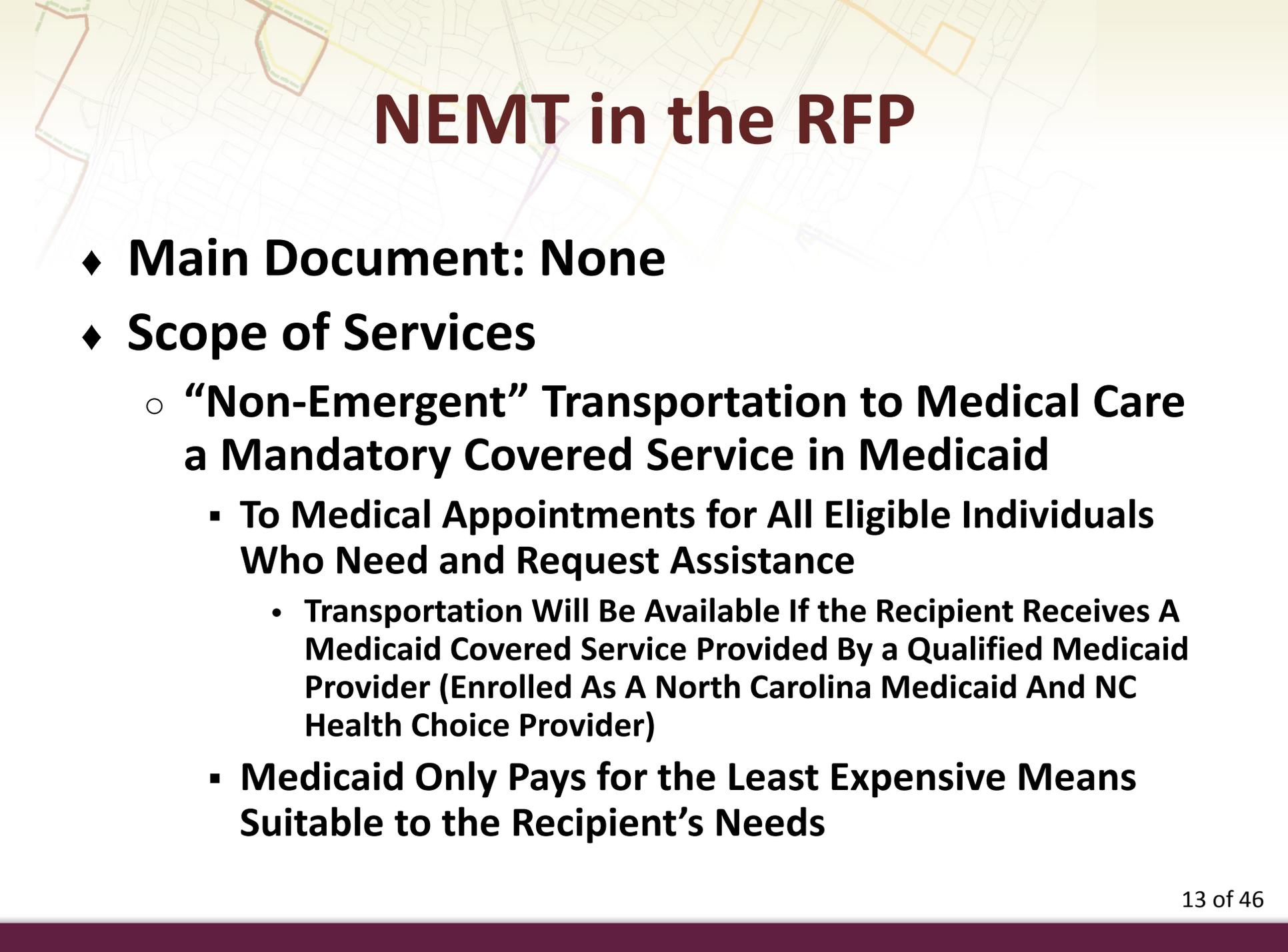
The RFP

◆ Capitation Payments

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

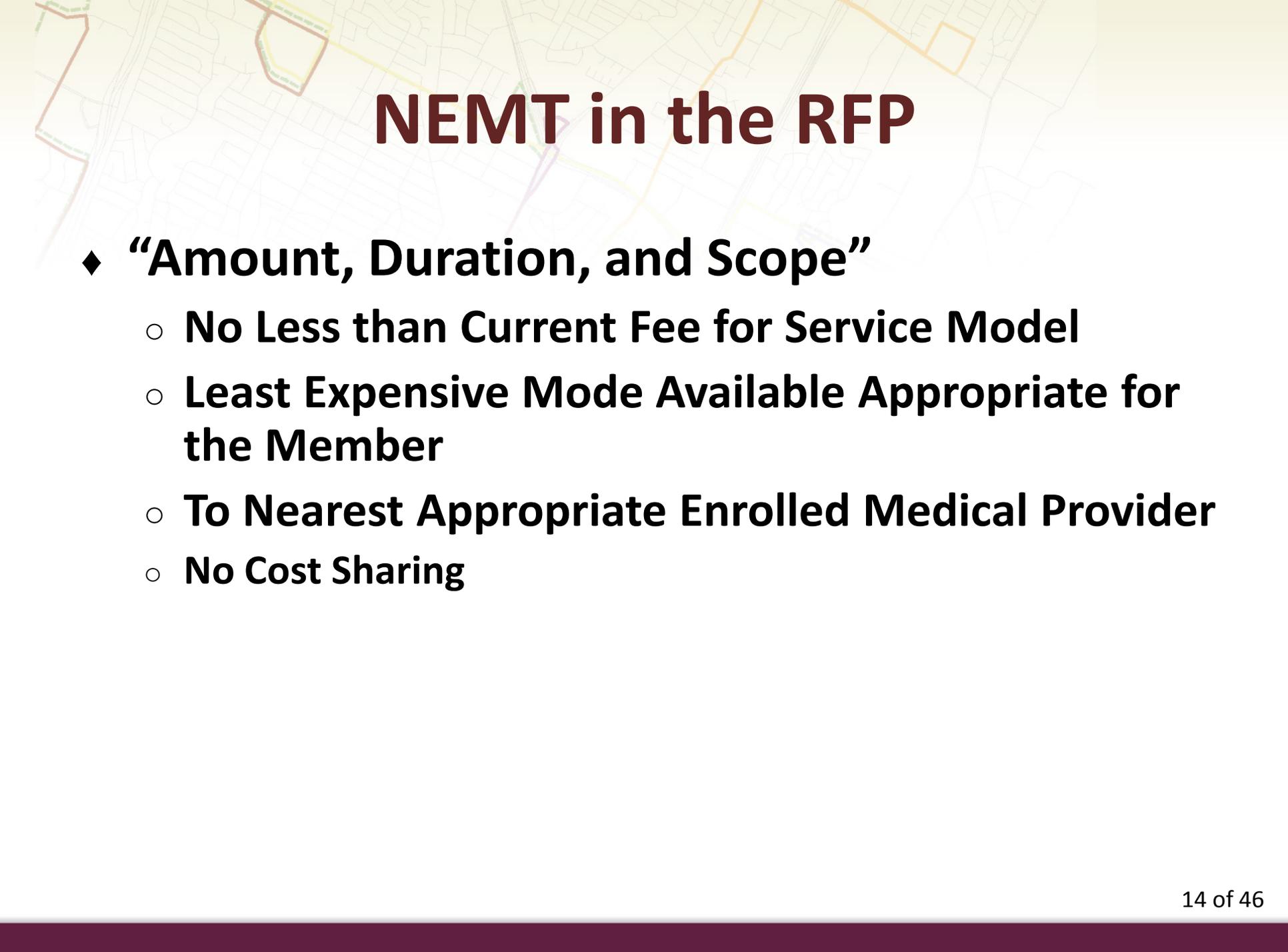
◆ Learning the Language

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



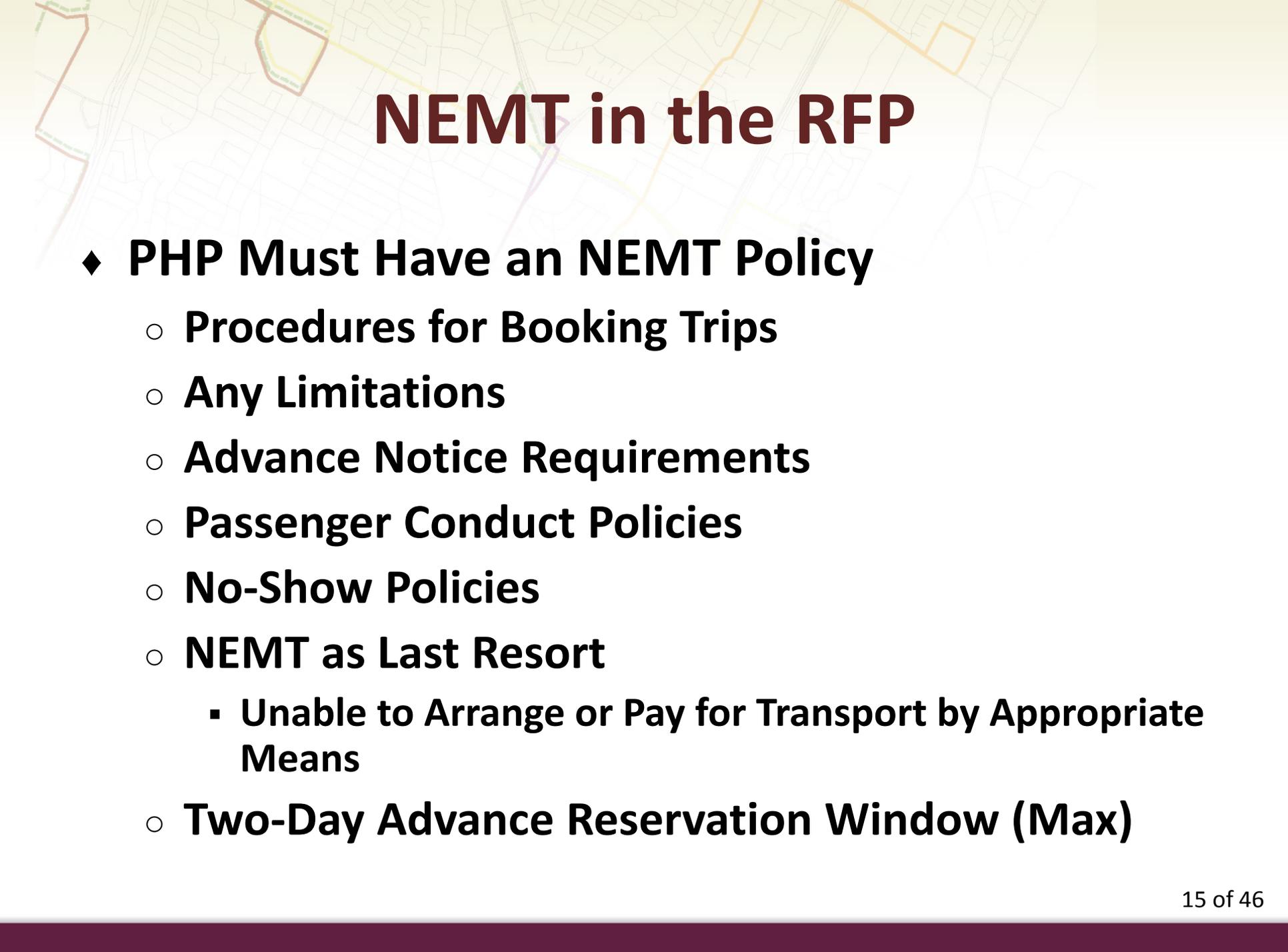
NEMT in the RFP

- ◆ **Main Document: None**
- ◆ **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**



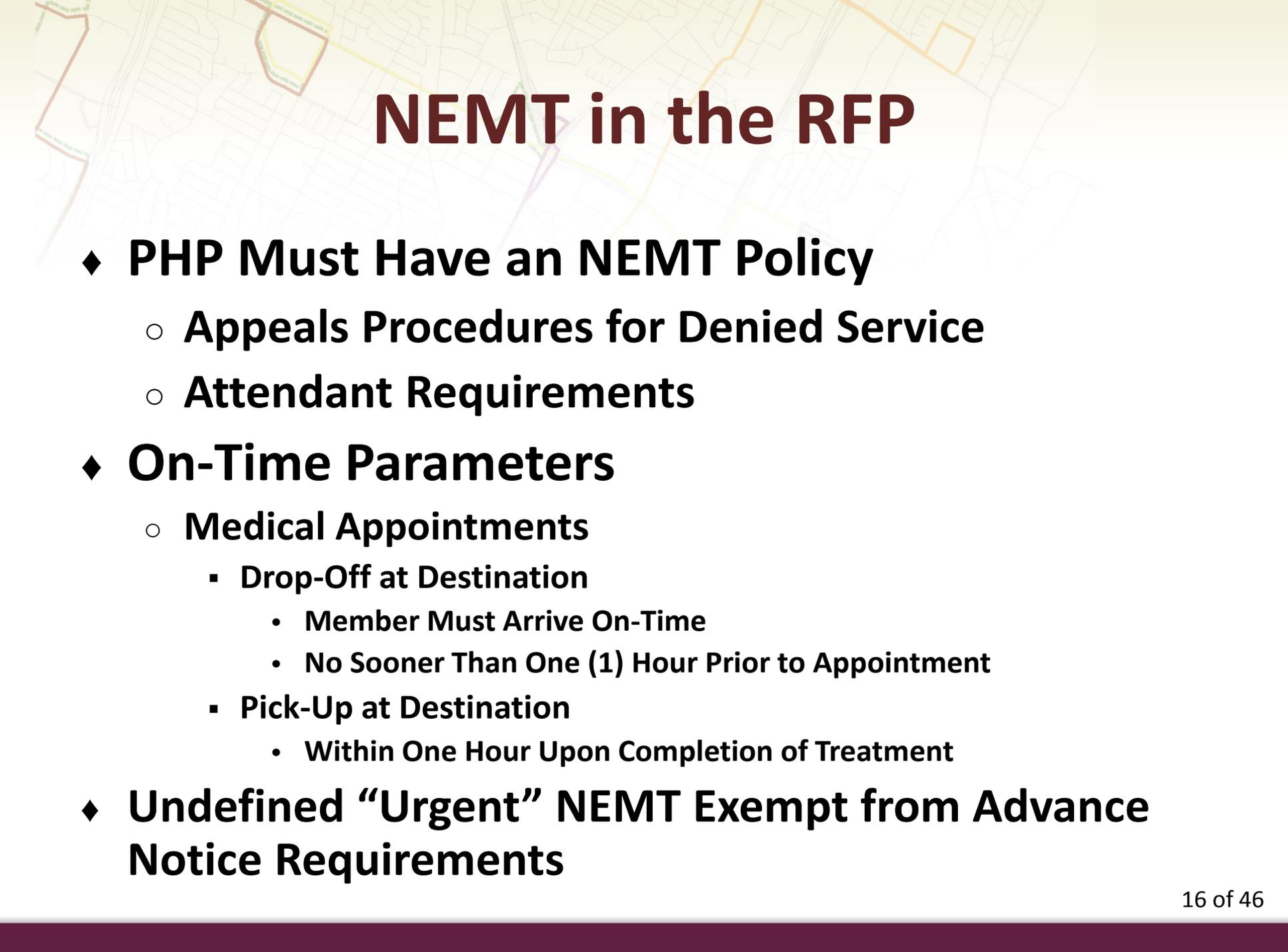
NEMT in the RFP

- ◆ **“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)**

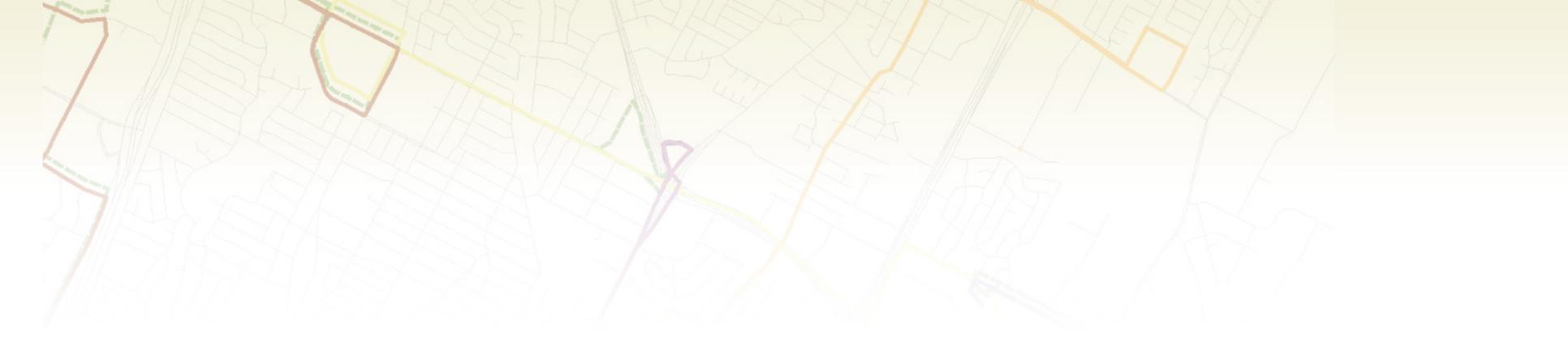


NEMT in the RFP

- ◆ **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**

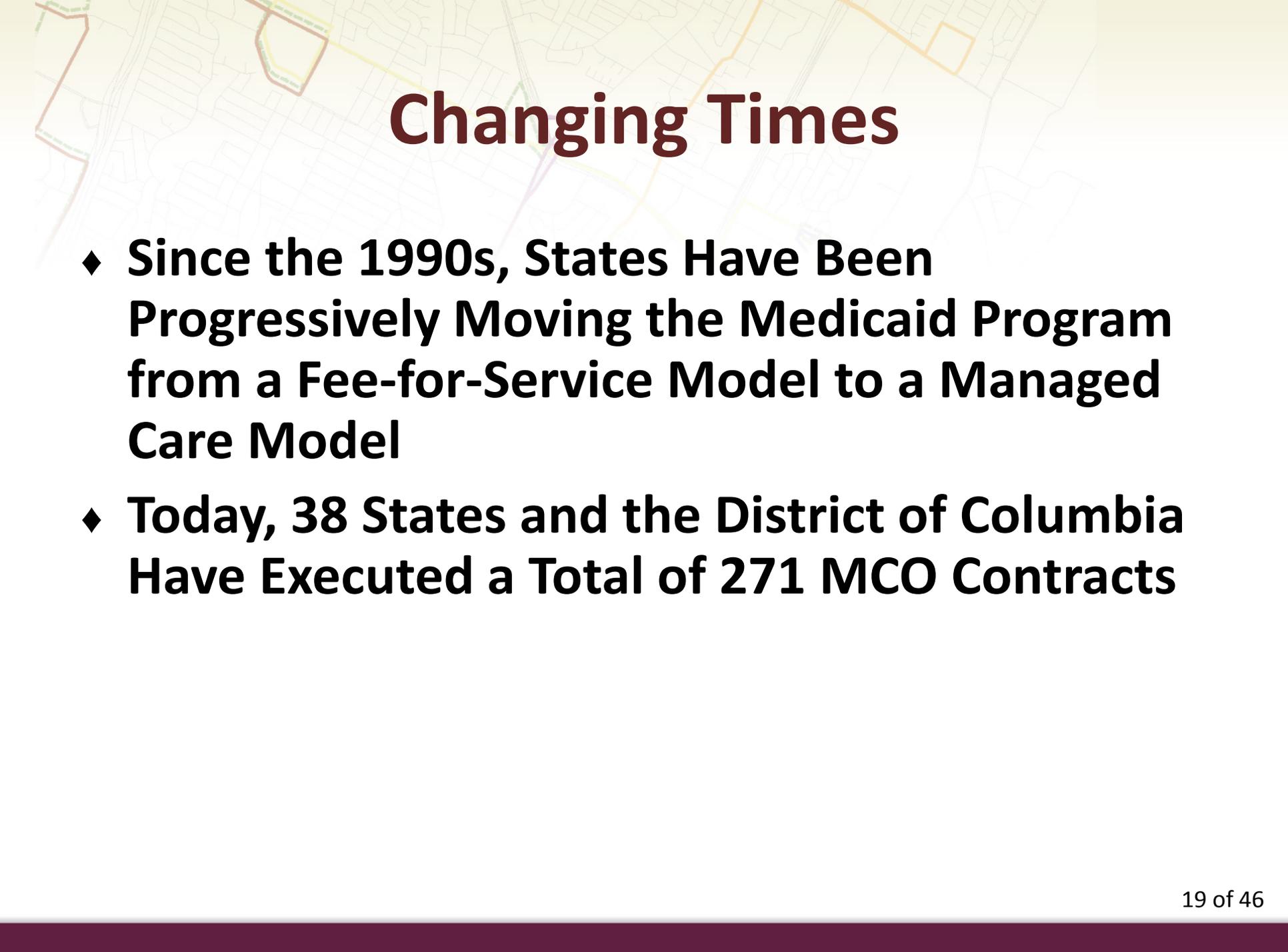
NEMT in the RFP

RFP Requirement	Penalty
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.	\$500 per occurrence per Member
Failure to comply with driver requirements as defined in the PHP NEMT Policy.	\$1,500 per occurrence per driver
Failure to comply with the assessment and scheduling requirements as defined in the PHP NEMT Policy.	\$250 per occurrence per Member
Failure to comply with vehicle requirements as defined in the PHP NEMT Policy.	\$1,500 per calendar day per vehicle



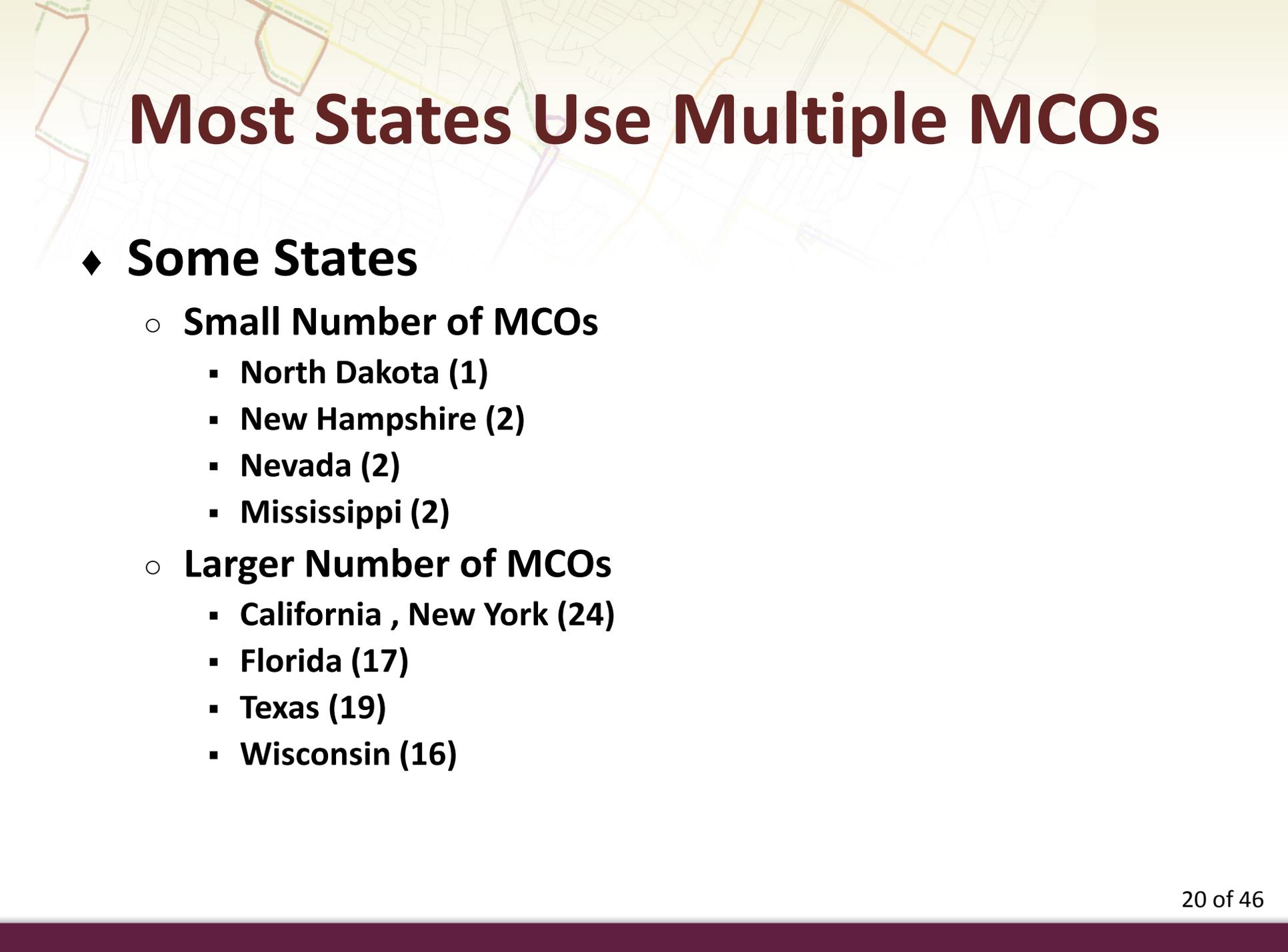
Section 2

NEMT IN MANAGED CARE – OTHER STATE EXPERIENCE



Changing Times

- ◆ **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**

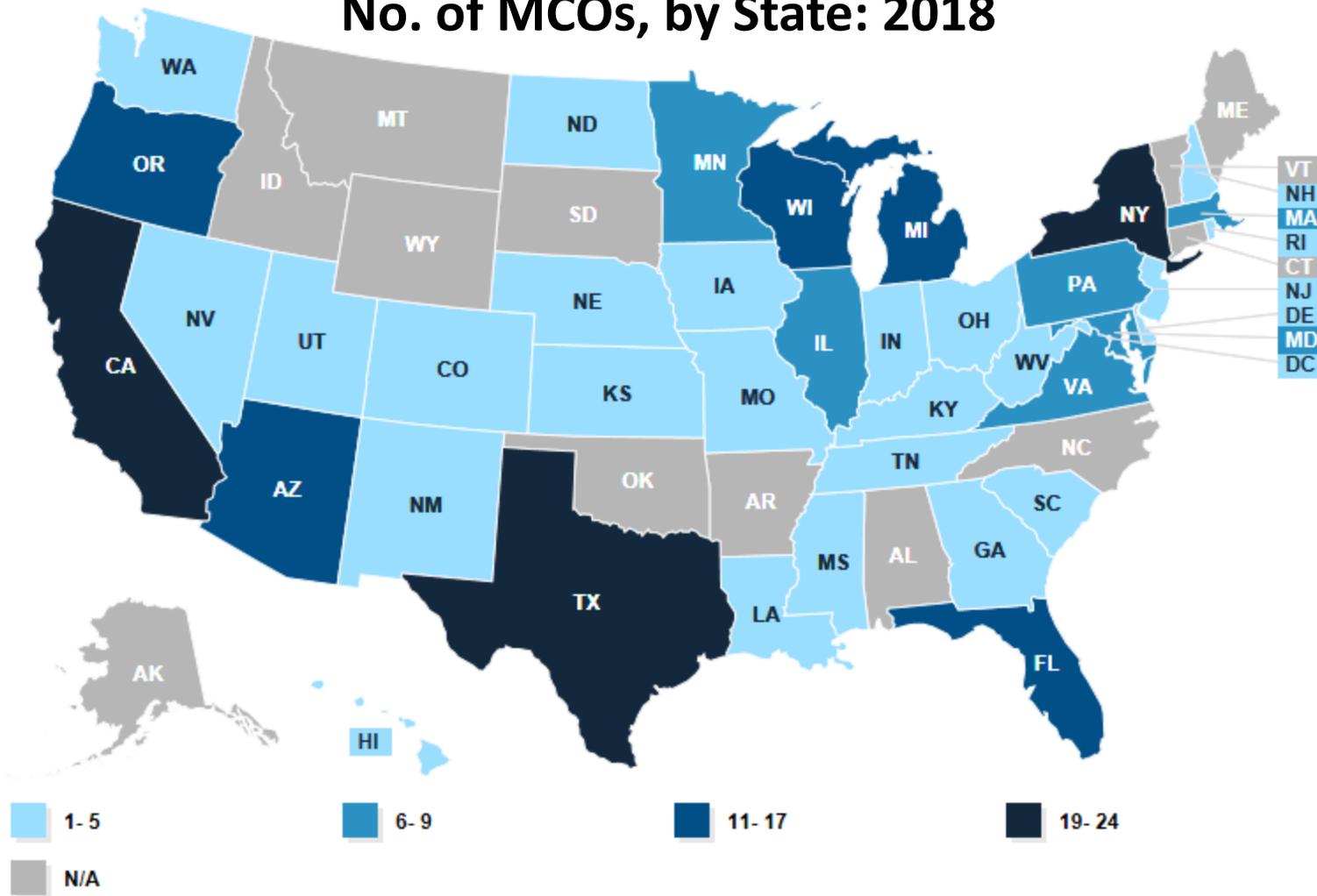


Most States Use Multiple MCOs

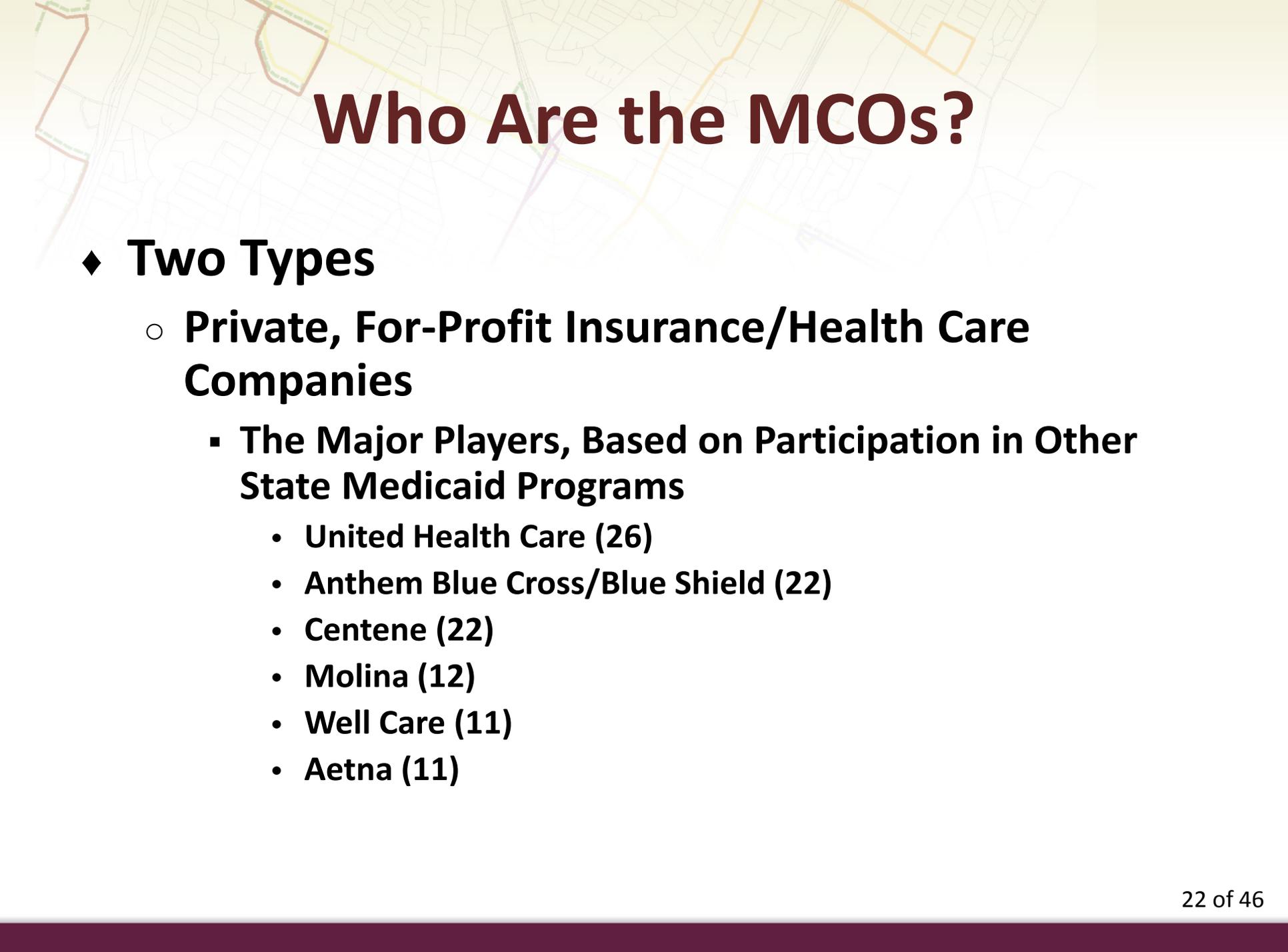
◆ Some States

- **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



Source: Kaiser Family Foundation, March 2018.

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line.

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)



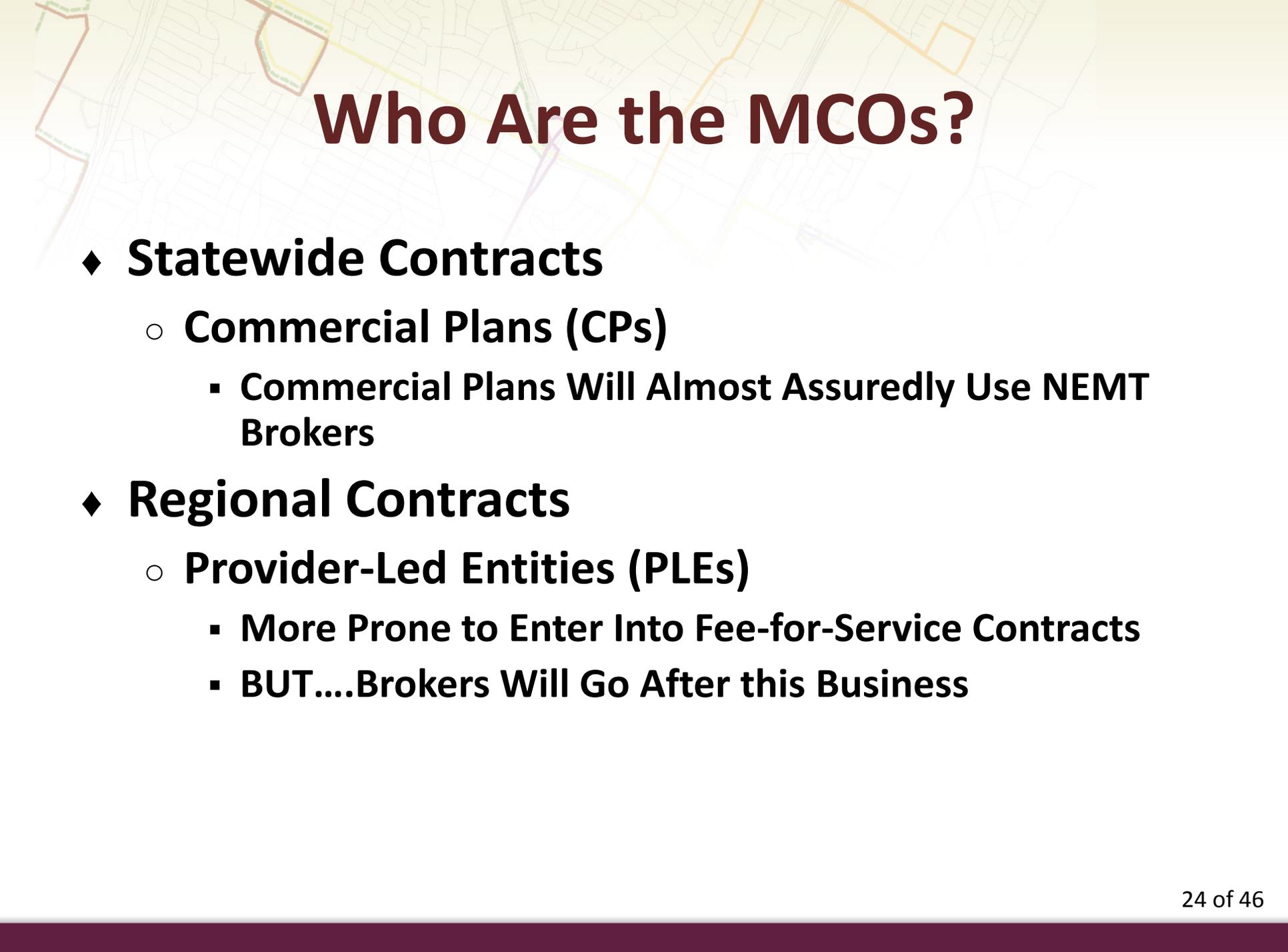
Who Are the MCOs?

◆ Nonprofits

- Typically Nonprofits or Local Health Care Collaborative
 - University Hospital Affiliation
 - Hospital Chain Affiliation
 - Physicians Collaborative

◆ Almost a 50/50 Split in the Marketplace

- 131 Corporate
- 140 Other (Nonprofits or 1-State Corporations)



Who Are the MCOs?

◆ **Statewide Contracts**

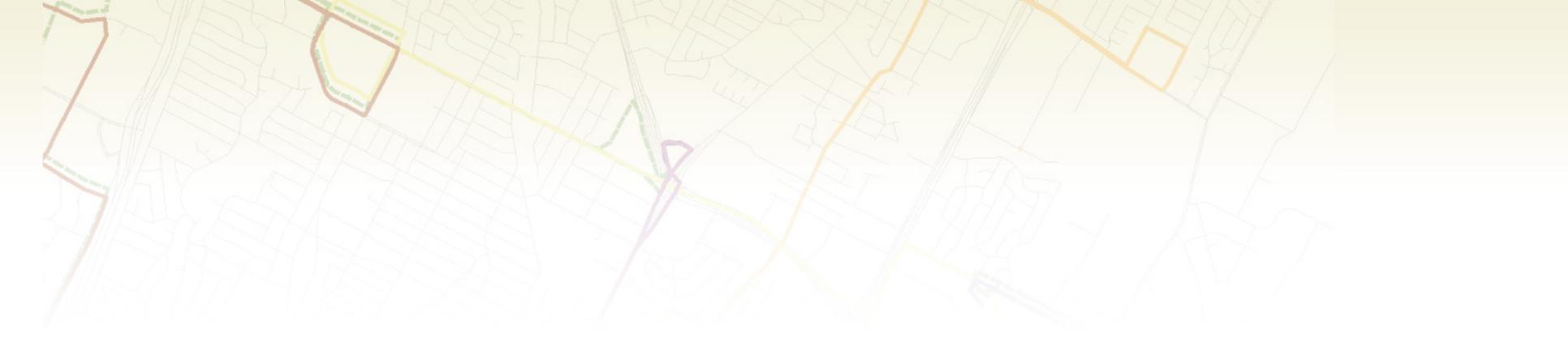
- **Commercial Plans (CPs)**

- **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**



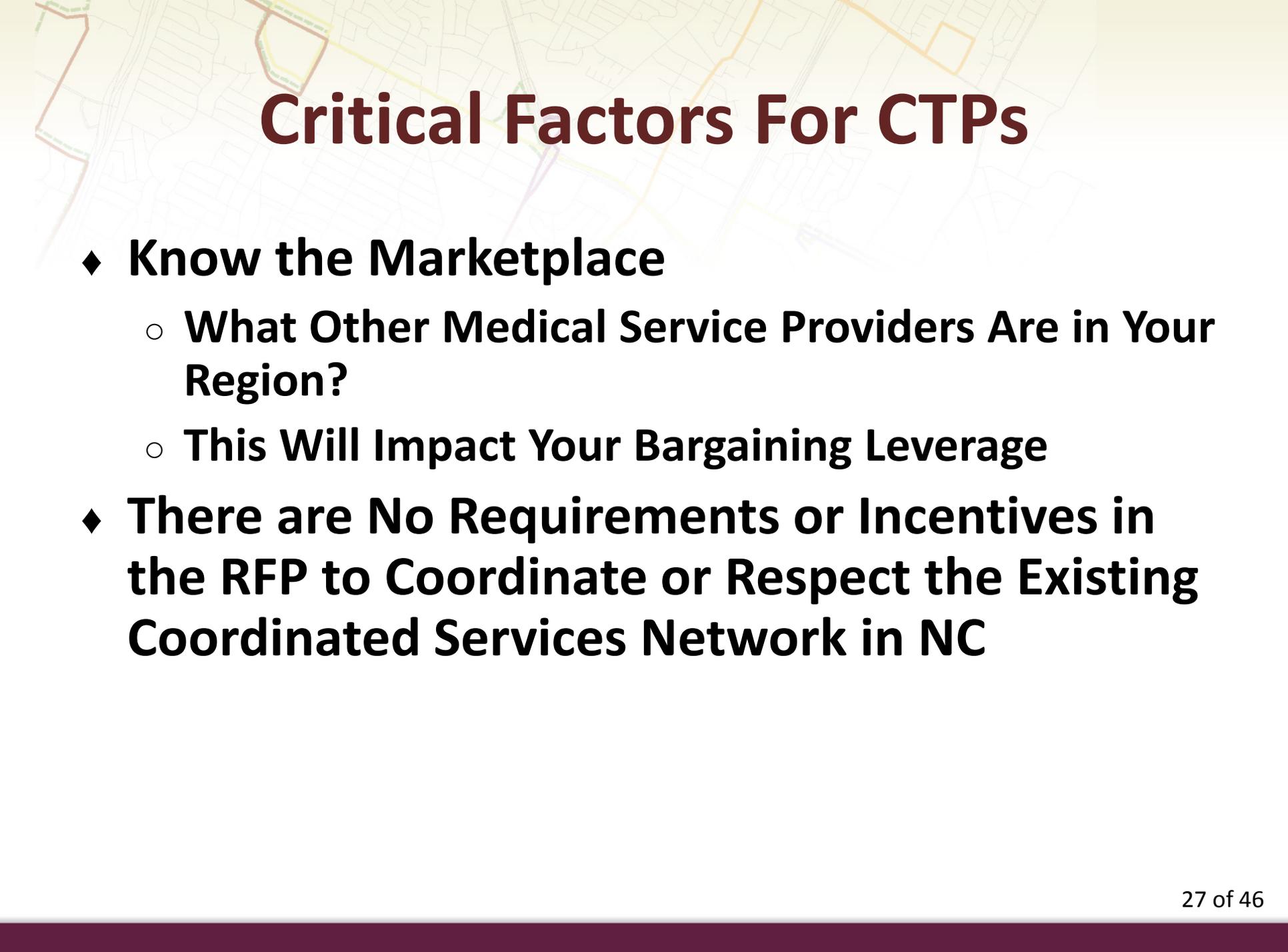
Section 3

COMMUNITY TRANSPORTATION PREREQUISITES



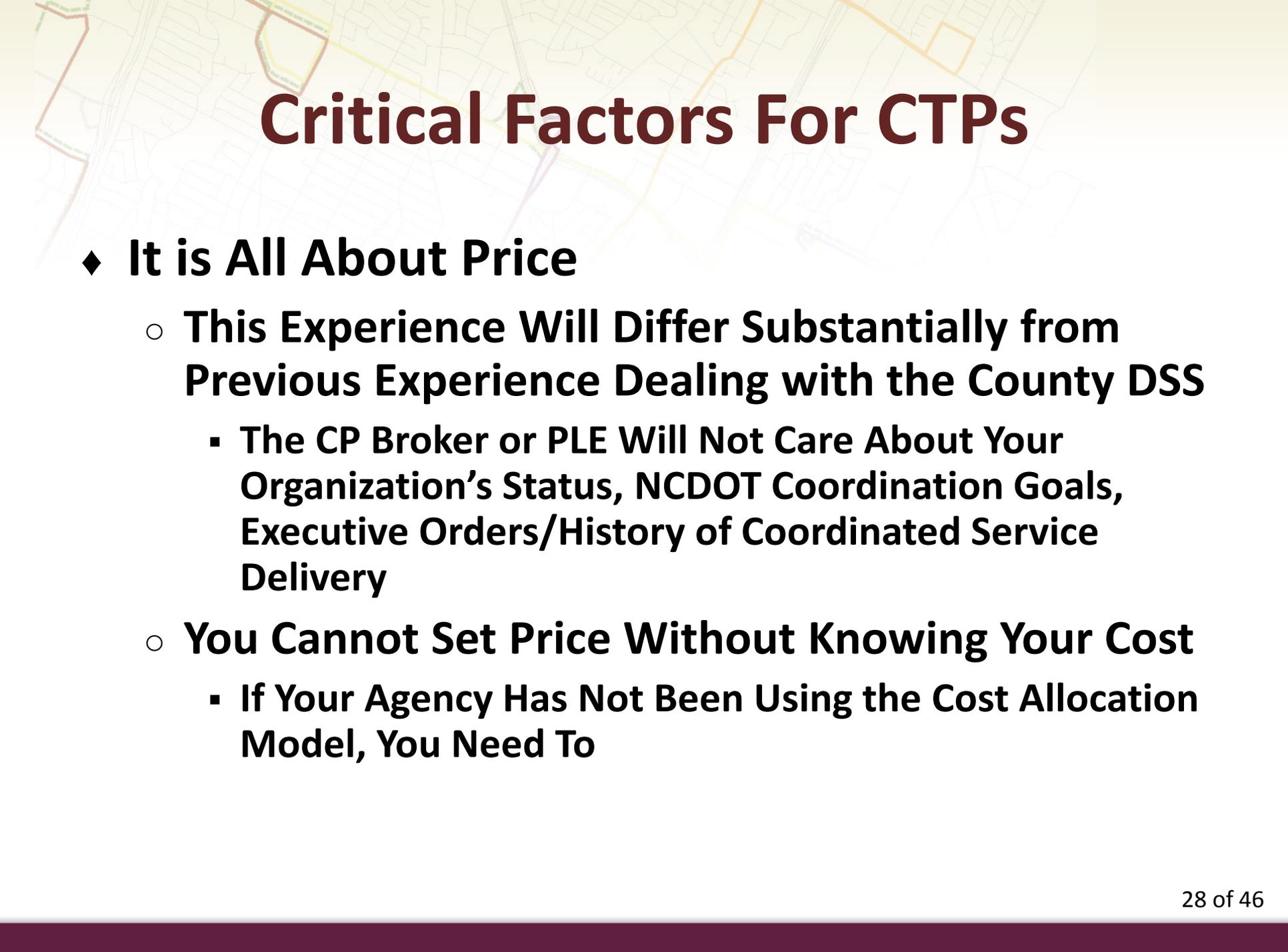
Critical Factors For CTPs

- ◆ **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

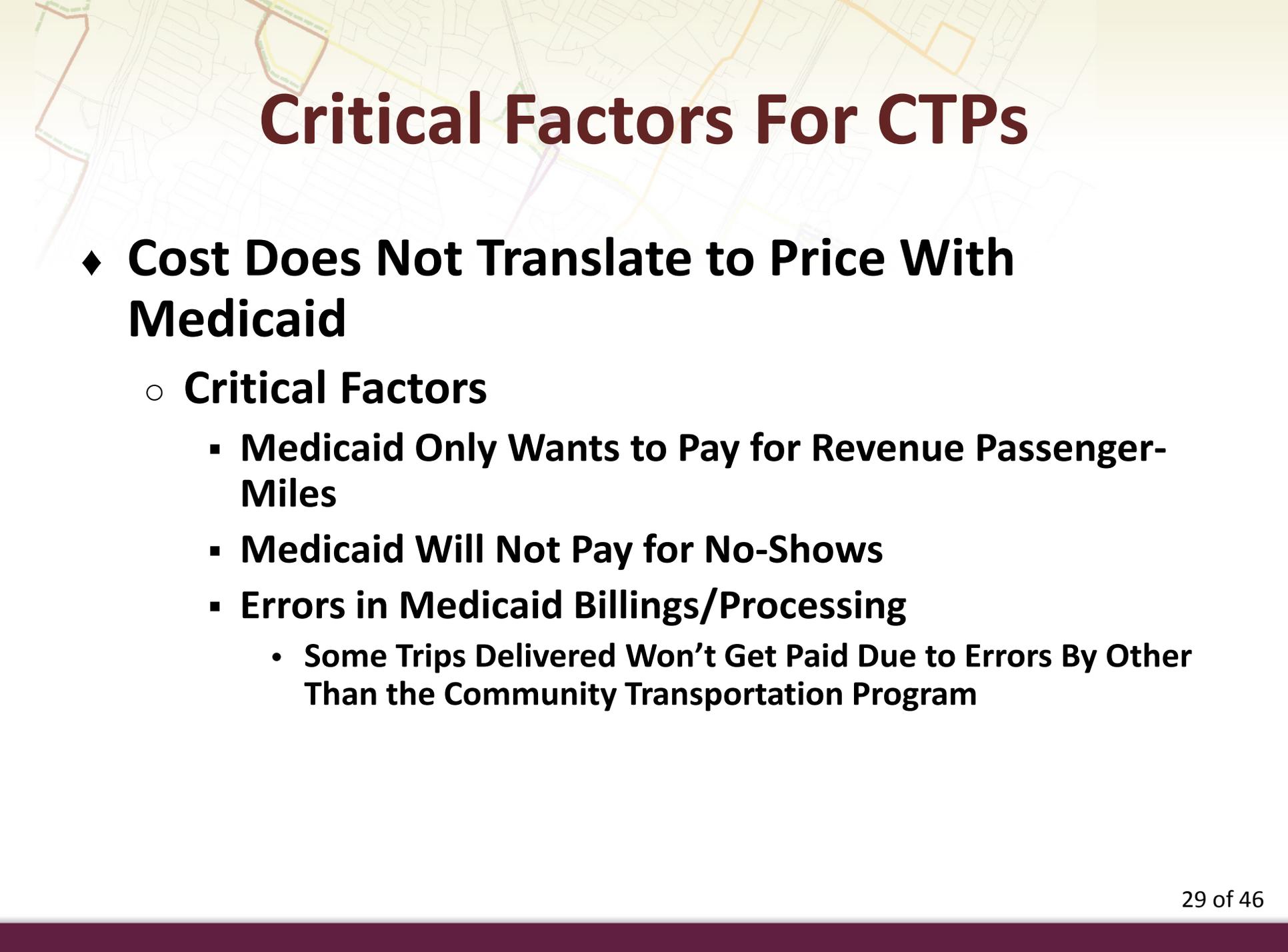
- ◆ **Know the Marketplace**
 - **What Other Medical Service Providers Are in Your Region?**
 - **This Will Impact Your Bargaining Leverage**
- ◆ **There are No Requirements or Incentives in the RFP to Coordinate or Respect the Existing Coordinated Services Network in NC**



Critical Factors For CTPs

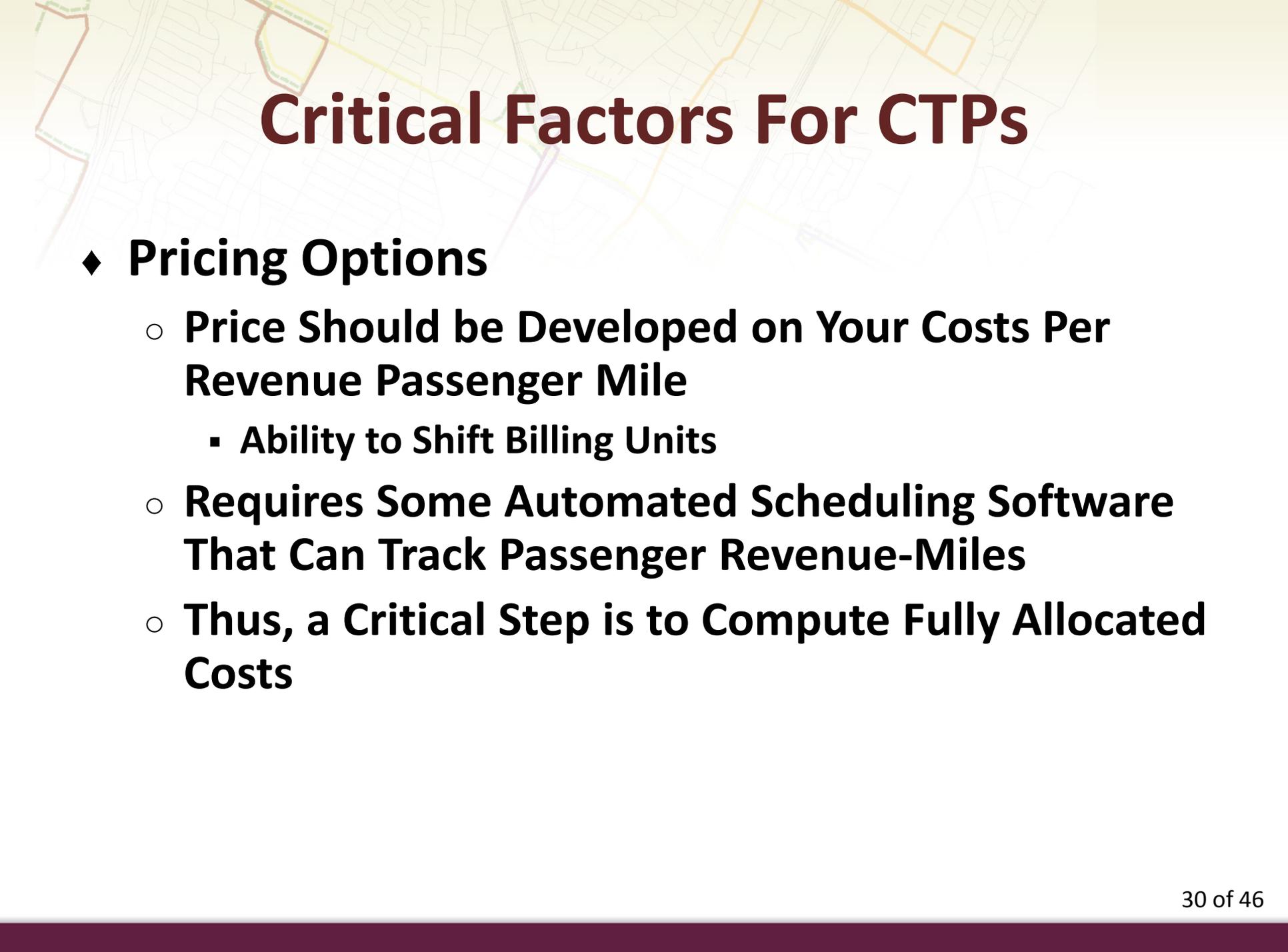
◆ It is All About Price

- **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

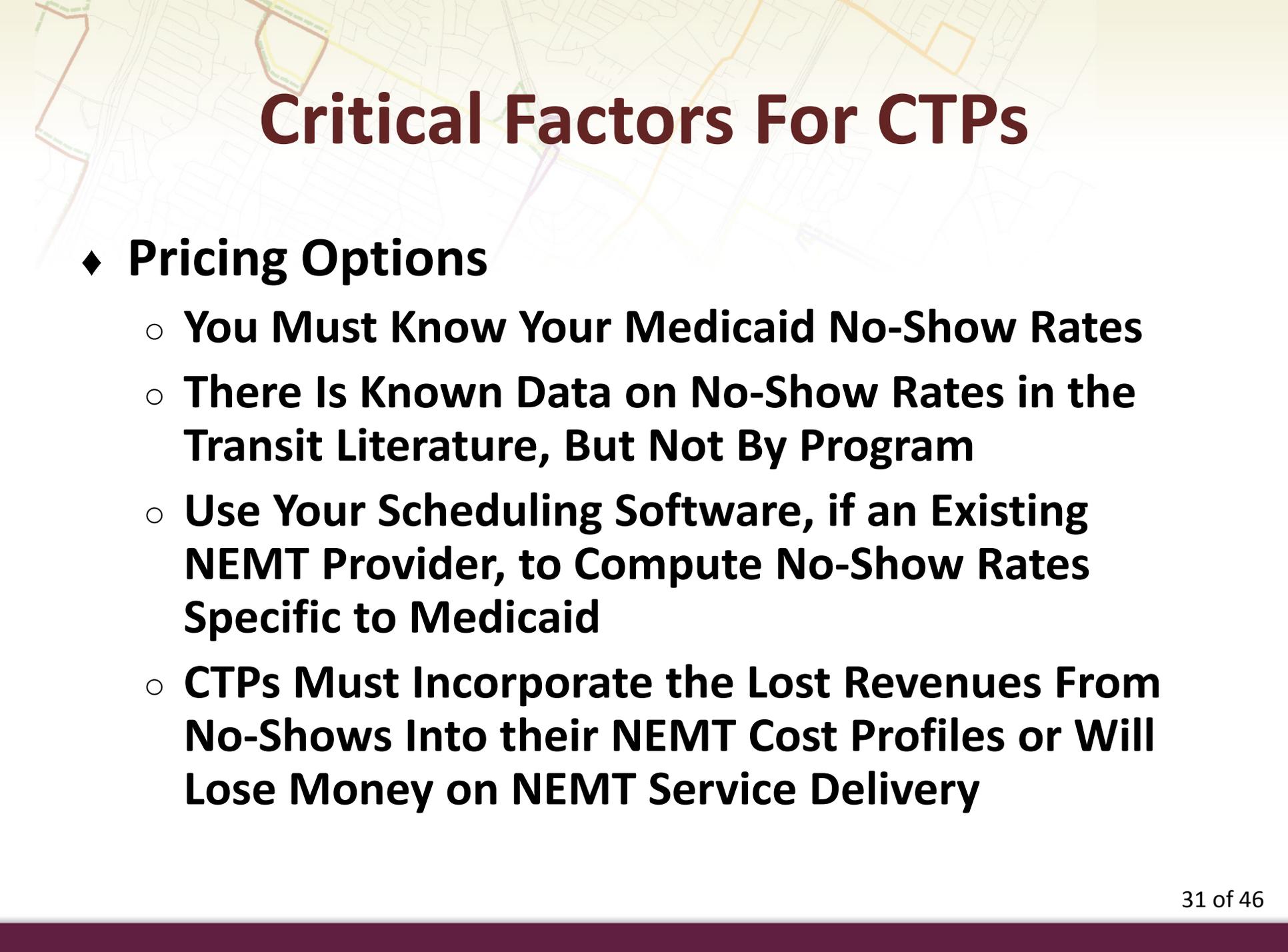
- ◆ **Cost Does Not Translate to Price With Medicaid**
 - **Critical Factors**
 - **Medicaid Only Wants to Pay for Revenue Passenger-Miles**
 - **Medicaid Will Not Pay for No-Shows**
 - **Errors in Medicaid Billings/Processing**
 - **Some Trips Delivered Won't Get Paid Due to Errors By Other Than the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



Critical Factors For CTPs

◆ Pricing Options

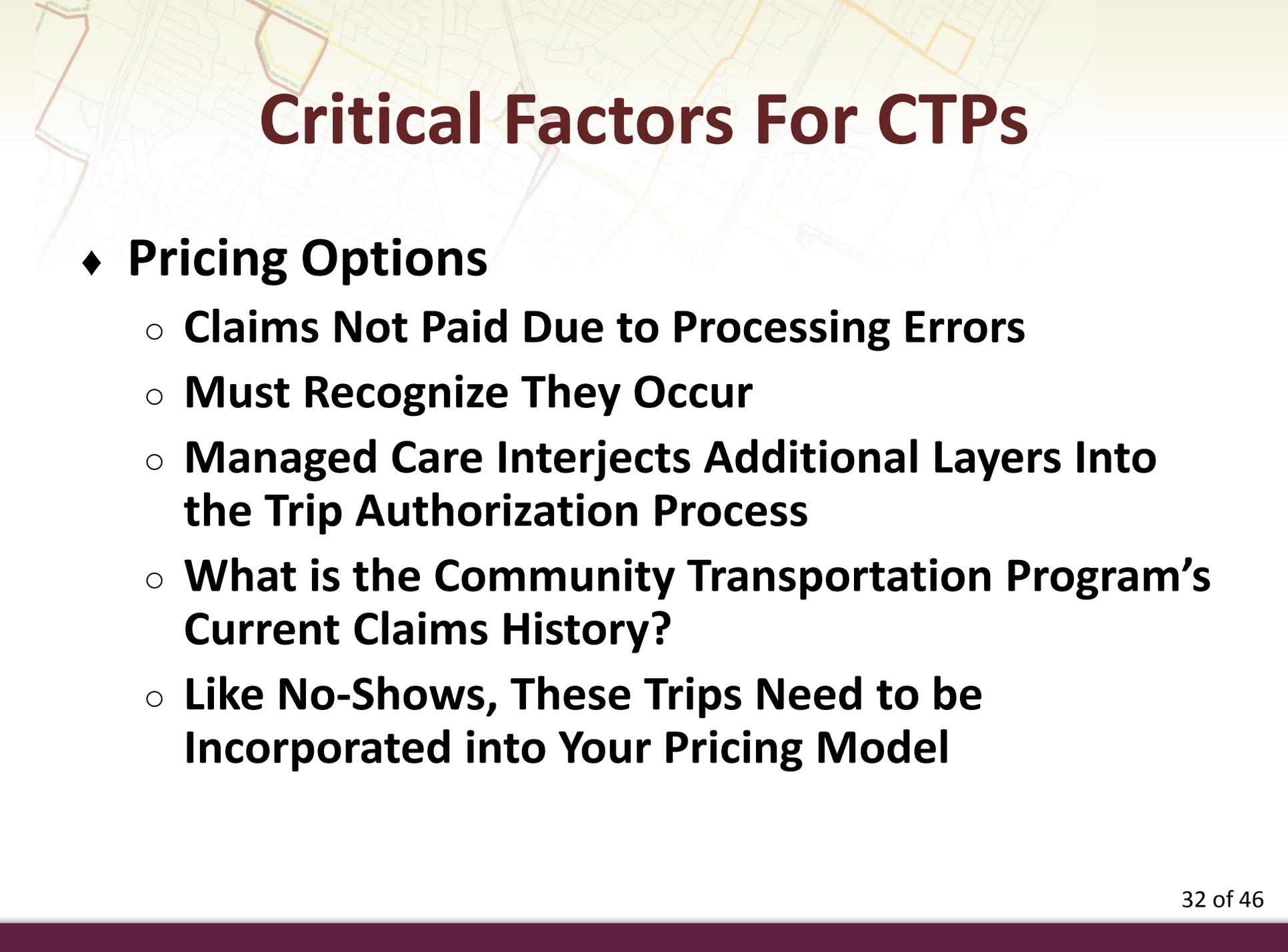
- **Price Should be Developed on Your Costs Per Revenue Passenger Mile**
 - **Ability to Shift Billing Units**
- **Requires Some Automated Scheduling Software That Can Track Passenger Revenue-Miles**
- **Thus, a Critical Step is to Compute Fully Allocated Costs**



Critical Factors For CTPs

◆ Pricing Options

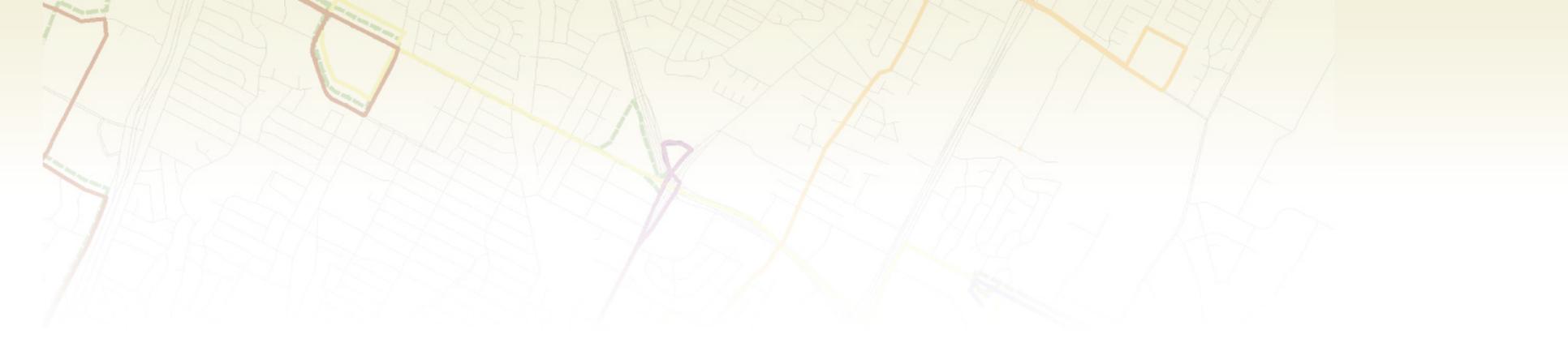
- **You Must Know Your Medicaid No-Show Rates**
- **There Is Known Data on No-Show Rates in the Transit Literature, But Not By Program**
- **Use Your Scheduling Software, if an Existing NEMT Provider, to Compute No-Show Rates Specific to Medicaid**
- **CTPs Must Incorporate the Lost Revenues From No-Shows 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-Shows, These Trips Need to be Incorporated into Your Pricing Model**



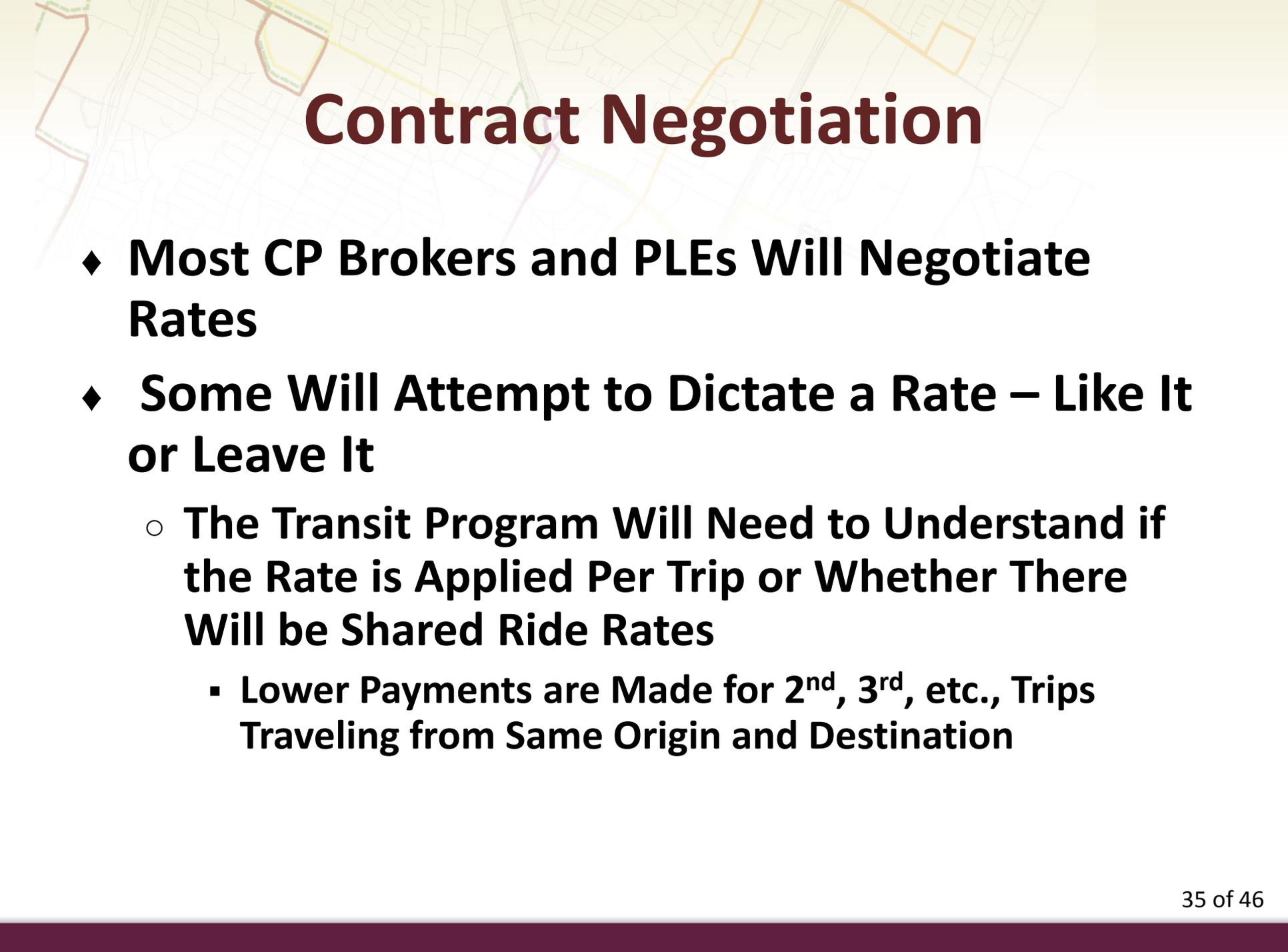
Section 4

CONTRACT NEGOTIATION



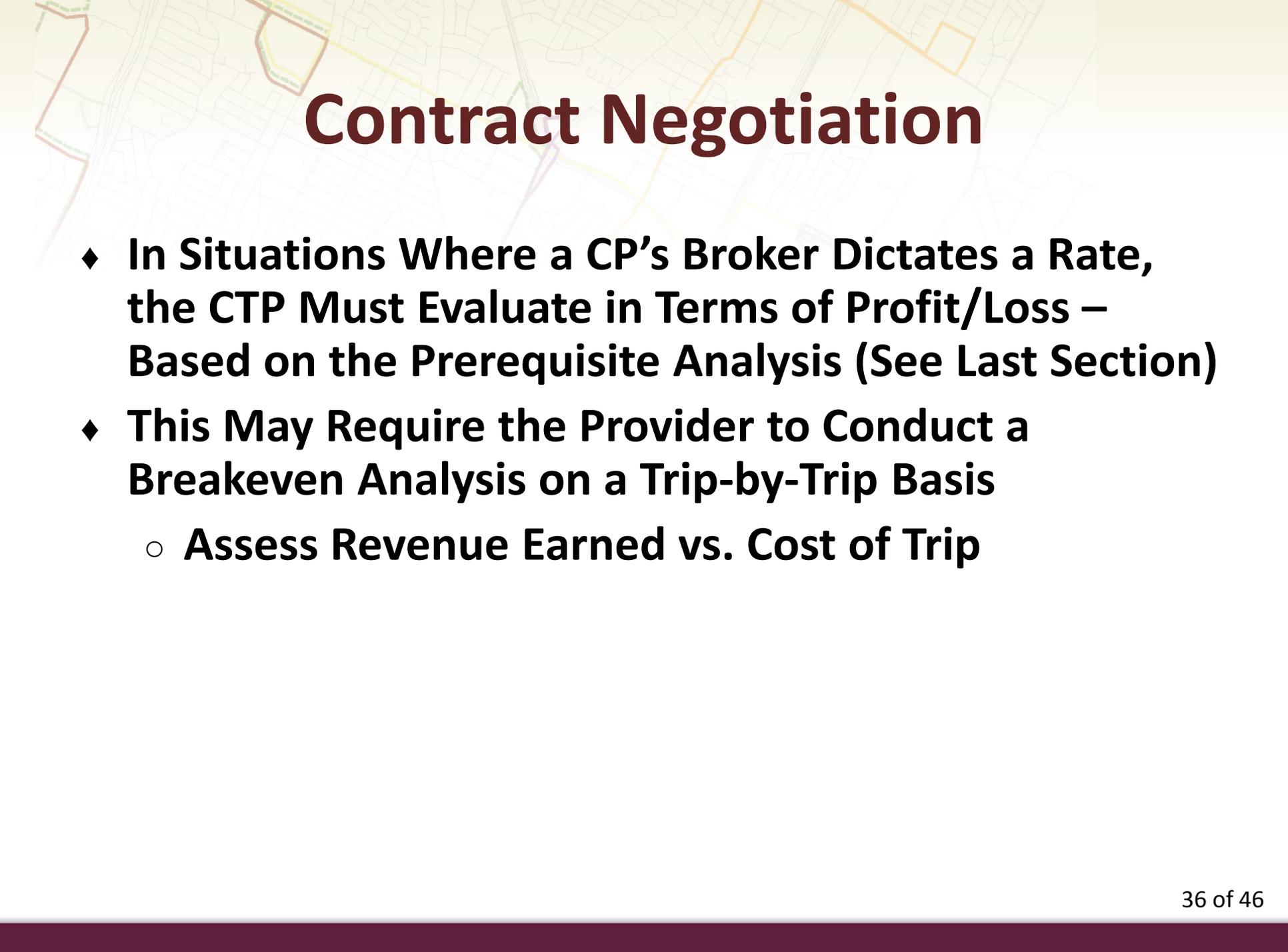
Contract Negotiation

- ◆ **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**



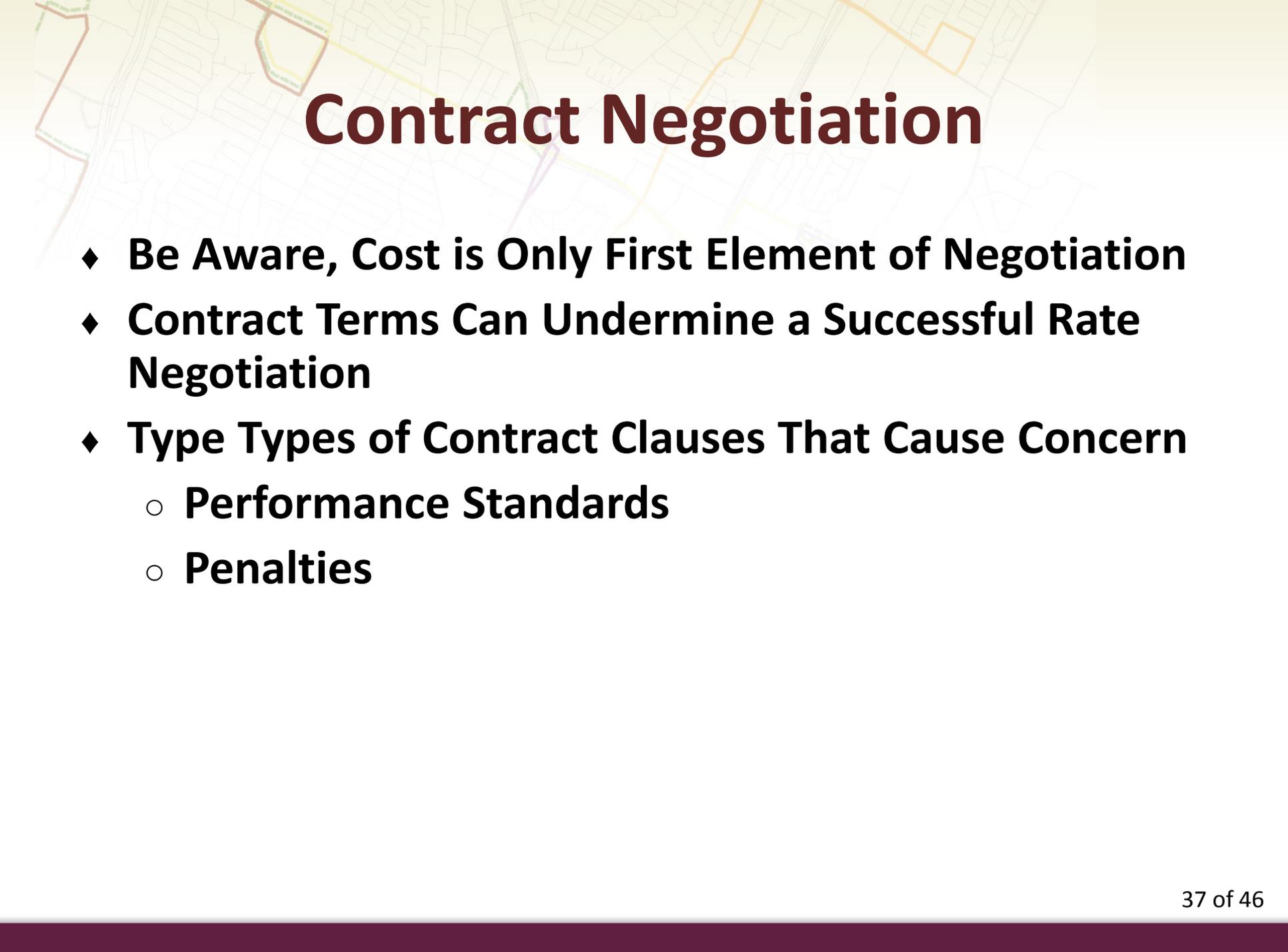
Contract Negotiation

- ◆ **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**

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line. The map is semi-transparent and serves as a decorative background for the slide.

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**

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line. The map is semi-transparent and serves as a decorative background for the slide.

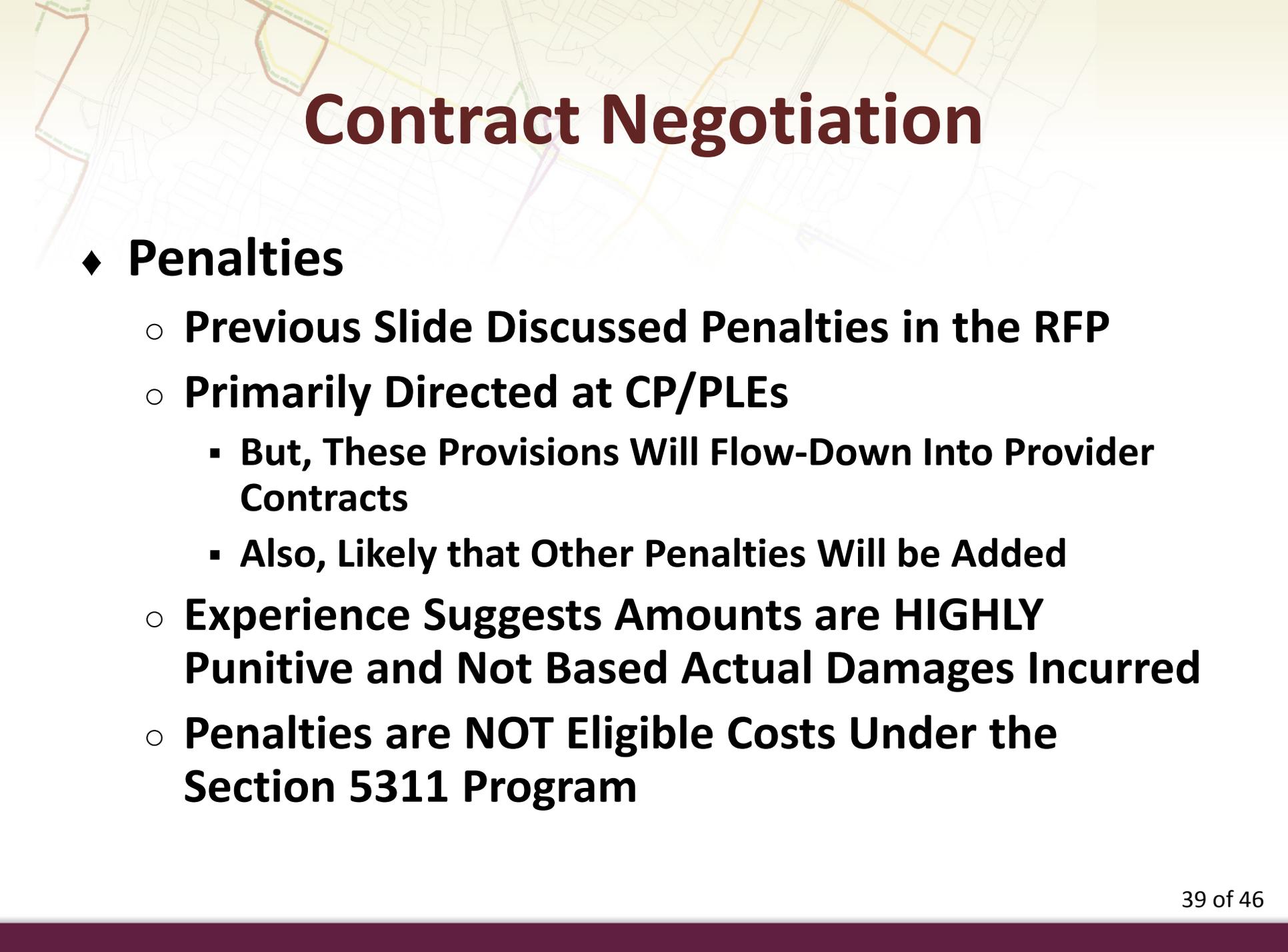
Contract Negotiation

- ◆ **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**
 - **Performance Standards**
 - **Penalties**

A background map showing a street grid with several colored overlays: a red outline, a green outline, a yellow line, and a purple line. The map is semi-transparent and serves as a background for the text.

Contract Negotiation

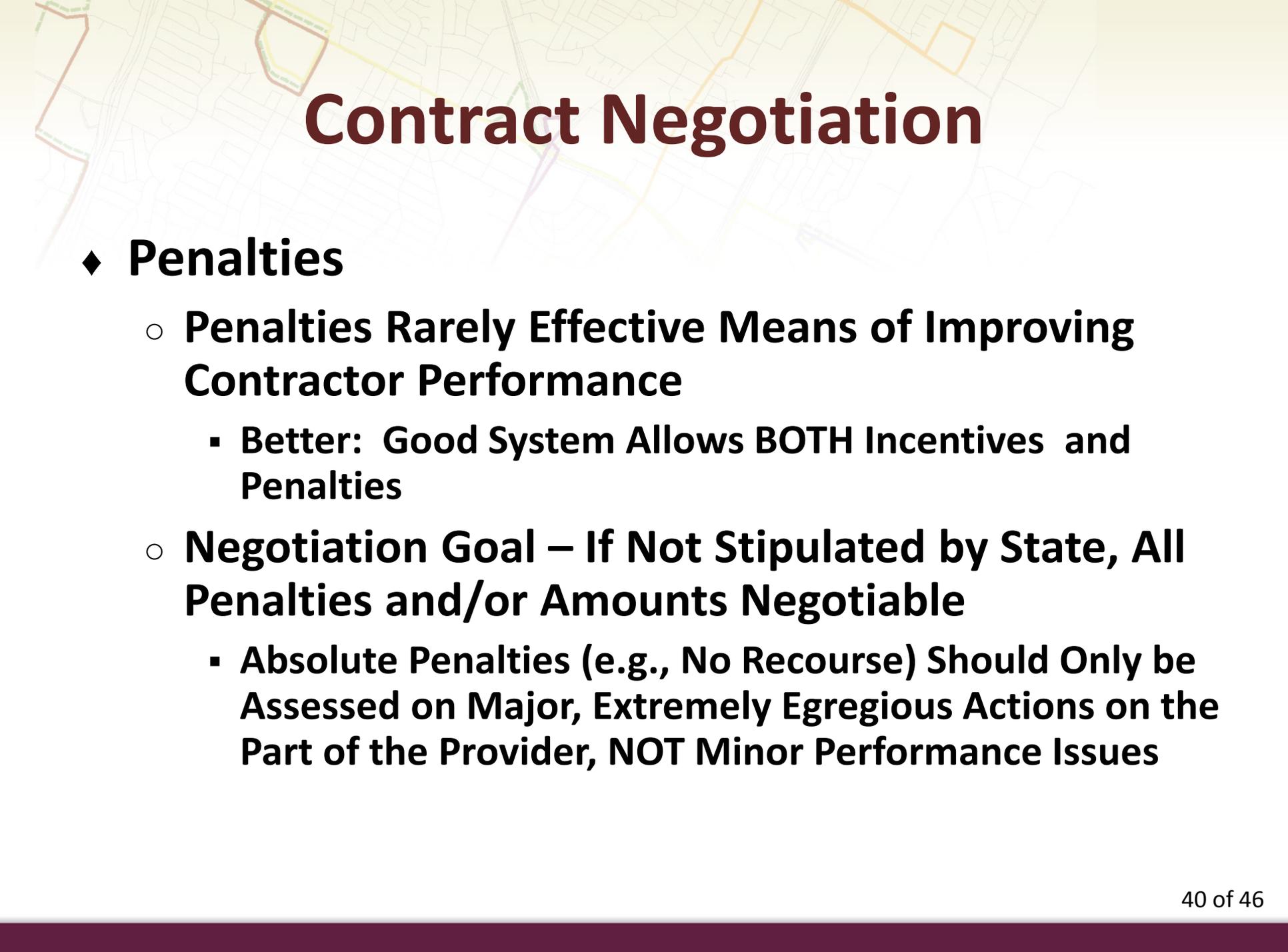
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Contract Negotiation

◆ 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**



Contract Negotiation

◆ 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**



Contract Negotiation

◆ 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**
 - Accidents, Road Closures/Detours, Acts of God, Etc.
- **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



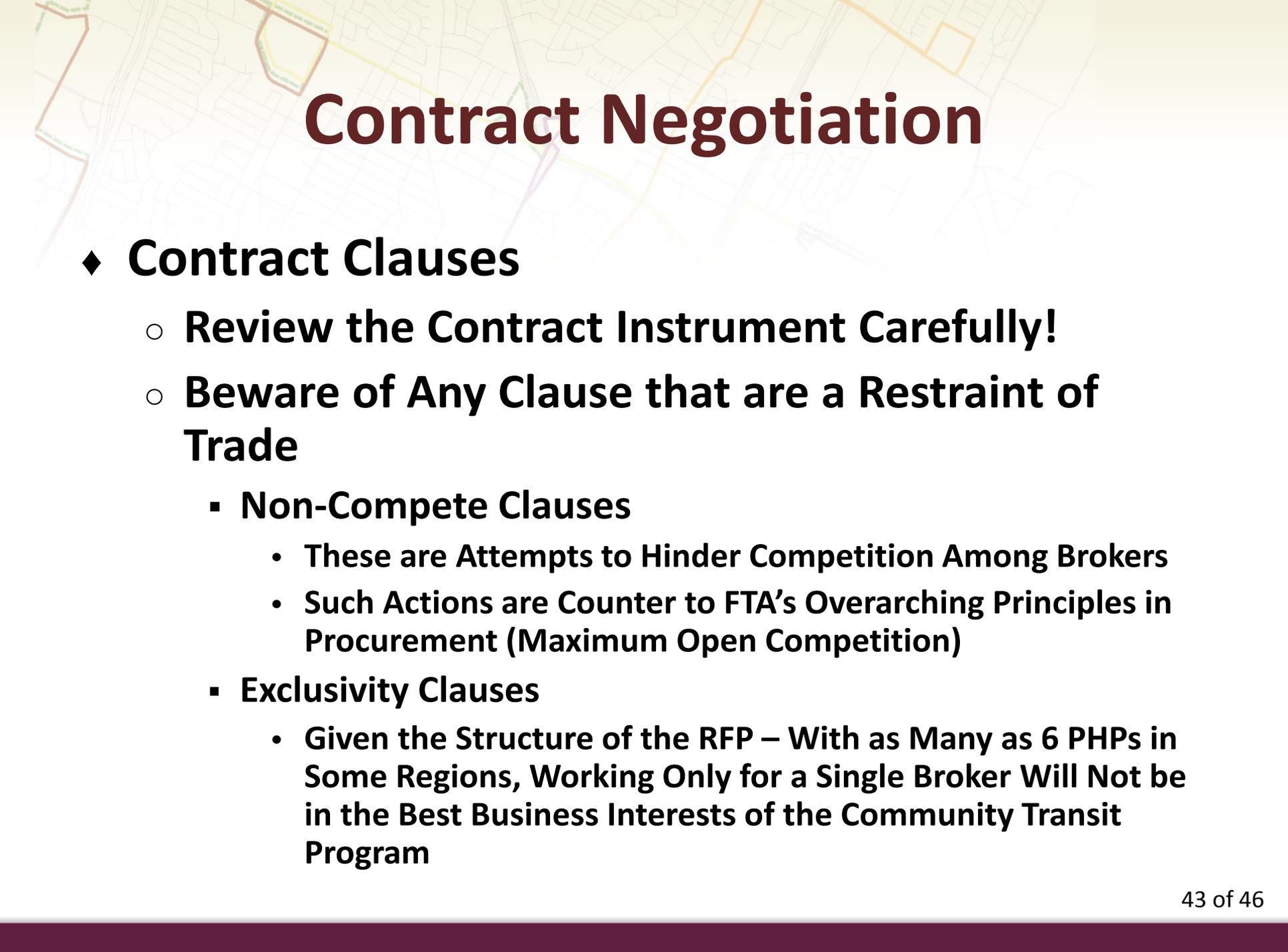
Contract Negotiation

◆ 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

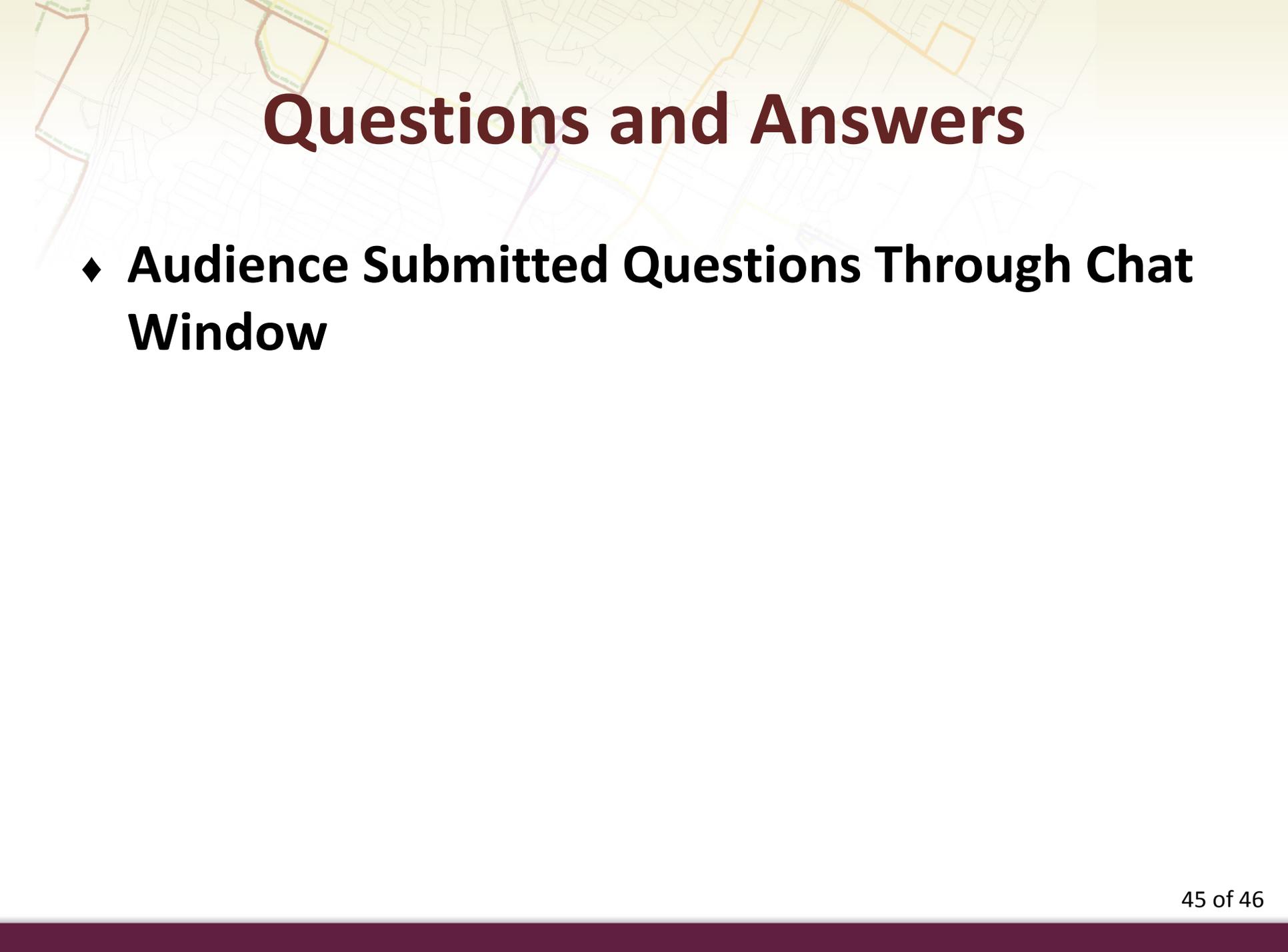
- **Review the Contract Instrument Carefully!**
- **Beware of Any Clause that are a Restraint of Trade**
 - **Non-Compete Clauses**
 - These are Attempts to Hinder Competition Among Brokers
 - Such Actions are Counter to FTA's Overarching Principles in Procurement (Maximum Open Competition)
 - **Exclusivity 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)**

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Questions and Answers

- ◆ **Audience Submitted Questions Through Chat Window**

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Presenters

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