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Non-Emergency Medical Transportation (NEMT) and Pharmacy Benefits Manager (PBM) Request for Comment	
RFI Question	Response
<p>If Medicaid were to change its current broker model for non-emergency medical transportation (NEMT), what changes would you recommend?</p>	<p>Executive Summary</p> <p>ModivCare has enjoyed a long-term relationship with the state of Louisiana and its stakeholders, facilitating non-emergency medical transportation for the Medicaid population. Since 2013, ModivCare has worked with the state’s contracted Managed Care Organizations to facilitate transportation to and from healthcare appointments and is excited with the prospect of the state shifting to a new model. Taking into consideration the state’s geography and current Medicaid population, ModivCare believes it would be in the best interest of the state of Louisiana to pursue a competitive procurement process to secure a single statewide broker model.</p> <p>Outsourcing program management to a single statewide broker reduces an organization’s administrative costs and provides the efficiency and accountability of sole sourcing while retaining the competition and security benefits of multiple in-state providers. To the contrary, having multiple brokers serving overlapping region(s) often leads to confusion for the transportation network and adds additional administrative burdens as local transportation companies are required to understand and work within the different systems of the various brokers. Over time the network becomes fragmented and coordination at the local level, especially in rural areas, comes at a higher cost.</p> <p>In order to have the most competitive pool of bidders for a single statewide broker, there are a number of recommendations that ModivCare encourages that state to consider</p>

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in their decision-making process. As the nation's largest and most experienced NEMT broker, ModivCare is uniquely positioned to provide states with best practice recommendations as they contemplate making adjustments to their current NEMT programs. ModivCare appreciates the opportunity to offer recommendations and encourages the state to follow up with our team should there be any questions or further clarification needed after reviewing the following.

Requiring Compliance with CFR 42: 440.170

This Federal regulation issued as part of the Deficit Reduction Act states "the broker will comply with the requirements related to prohibitions on referrals and conflicts of interest, as defined in section 1877 of the Act." This section creates a statutory restriction on Brokers / Managers performing transports rather than utilizing a contracted transportation provider except under certain circumstances.

An RFP should require that the successful bidder, at the time of implementation and from time to time during the duration of the contract, provide the Medicaid department with a list of contracted providers to ensure the Manager has adequate capacity and is not utilizing their own resources. This transparency would bring enhanced integrity to the program, reduce the likelihood of fraud and abuse and ensure that the program is in compliance with federal rules and regulations.

Flexibility to Negotiate Directly with Transportation Providers

In order to effectively implement a full risk capitated brokerage model, it is imperative that the broker has the ability to negotiate unique rates with each transportation provider. By allowing the broker to establish the basis for the contractual relationship and the applicable rates, the state provides the flexibility to the broker to better manage the different circumstances and situations that arise in a complex program. For instance, when resolving a need to increase network capacity in rural areas in order to improve access for the beneficiaries, the broker, with latitude to negotiate rates, can more effectively incent providers to expand operations or create multi-load vehicles. If rates are uniformly established in the state, it is much more difficult to drive the behavior needed to meet the uneven demands in a diverse environment.

Actuarial Soundness

Budget predictability is essential to managing NEMT. When a lowest bidder cannot manage the program because they run out of money, patients suffer, physician office operations are impacted and transportation providers' payments are late, if they come at all. Brokers who underbid then typically return to the Department asking for more money. Medicaid budgets are simply unable to withstand that level of uncertainty. Requiring that a bid is certified by an actuary as sound will ensure that accurate numbers of eligible members can be serviced with the amount offered by the bidder. Many other capitated Medicaid programs require actuarial sound proposals and if required in this program, will ensure stability by allowing only credible responses to an NEMT RFP.

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Another option is to provide a risk corridor whereby the broker is responsible for +3% above and below a targeted 80% MLR. From +3.01-8% the State would reimburse and/or receive a rebate that equates to 50% of that additional 5% band. From +8% the State would reimburse and/or receive 100%. It is often the case that under FFS programs unmet demand exists as transportation providers have historically selected the types of trips, the geography and the time of day they choose to provide services. Typically, capitated rates are locked in for a minimum of three years. Given the uncertainty referenced earlier, this proposed risk band would apply appropriate limits to the risk of both parties.

Weight Given to Scoring the Technical Proposal

Giving appropriate weight to the technical proposal is particularly critical if a state does not also require actuarially sound pricing. On several occasions, we have witnessed states seeking to maximize cost savings give greater weight to the cost portion of a bidder's response than to the technical portion. In nearly every case, this irrational decision has failed to deliver quality service and expected outcomes. When a lowest bidder cannot manage the program because they run out of money, patients suffer and physician office operations are greatly impacted. In situations such as this, Managers who underbid simply to gain market share typically return to the Department shortly thereafter asking for more money. Medicaid budgets are simply unable to withstand that level of uncertainty.

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	<p>In light of this, we would suggest that the Department give the technical proposal substantial weight while giving the pricing proposal fair consideration to ensure that the State receives the best benefit of the bargain.</p> <p>One additional best practice scoring element is to ensure that the scoring range is wide enough to differentiate the experience and depth of the technology and process being offered by bidders. For example, when the range is 0-5; with 0 being no experience and 5 being most experienced, it is common that if bidders meet the minimum experience threshold everyone ends up with a 3. Allowing a 0-10 range allows for more objective scoring in order to differentiate technical abilities and other contract requirements.</p> <p>Reference Requirements</p> <p>Prospective bidders should be required to demonstrate their experience in providing services similar in size and scope to those required by the RFP; including transitioning fee for service populations to an at-risk brokerage model. At a minimum, prospective bidder should have demonstrated experience managing three statewide Medicaid NEMT brokerage programs including the development and management of 3rd party transportation networks in which rates are negotiated and set by Broker. Additionally, prospective applicants should be required to provide references from at least 3 state-based clients knowledgeable of the bidder's performance in providing services similar to those sought in this RFP, including a contact person, telephone number, and electronic mail address for each reference. Additionally, these references should be provided for</p>
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	<p>services that were procured in a competitive environment.</p> <p>Minimum Financial Requirements</p> <p>In order to mitigate financial risk pertaining to the State's transition, it is imperative that the State establish and include minimum financial requirements of bidders to ensure only qualified and financially stable applicants are considered. At a minimum, the State should require all bidders to:</p> <ul style="list-style-type: none">• Maintain an appropriate reserve equivalent to ten percent (10%) of the annual contract cost bid for NEMT services during the contract period.• Include company's previous three (3) financial statements demonstrating the applicant / bidder possesses the financial capability to ensure good faith performance of the agreement throughout the contract's duration. <p>The Department should reserve the right to reject the proposal of any Respondent that is not financially viable based on the assessment of the Respondent's annual financial statements.</p> <p>Impact of Eligibility Resulting from New Federal Laws</p> <p>Recent changes to Federal law will impact the Medicaid eligibility for an unpredictable amount of people. When new members are added to the rolls, the costs will go up. Not</p>
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	<p>enough information exists at present to actuarially predict the effect. Should future events occur that materially alter the agreement in both the Department and Broker's opinion, a forum to address amendments to the contract should be provided for in the RFP.</p> <p>Transportation Network Companies</p> <p>Transportation network companies have proven to be an excellent complement to broker managed networks and should be permitted for use in specific situations, such as recovery, under a statewide contract in Louisiana. Nearly all state's permit the use of TNCs in specific situations which have proven to increase on time performance as well as member satisfaction.</p> <p>Transportation Provider Geographical Limitations</p> <p>Geographical limitations that limit the areas, regions, counties, or parishes a transportation provider can provide NEMT services will negatively impact network adequacy and the quality of services provided to members. Should the Department move to a statewide model, it will be imperative that the awarded broker maintain complete flexibility in trip assignment and routing. Failure to allow for this degree of flexibility will fragment the market and increase overall costs associated with the program.</p> <p>Liquidated Damages</p>
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	<p>Liquidated damages should be mutually agreed to and should be substantial to cover any real harm to any member or the program itself due to negligence or failure to perform within reason and excluding exigent circumstances outside of the control of the vendor "acts of god". Further the Damages should be reasonable and should allow for the damages to be passed to subcontractors when necessary to hold them accountable and drive improved performance.</p> <p>Implementation and Administration of the NEMT Program</p> <p>Given the complexity of the state's Medicaid NEMT environment, the Department should provide the awarded broker with at least 120 days to implement a statewide model in Louisiana. This minimum amount of time will ensure a smooth transition of services from the state's Managed Care Organizations to the Department's awarded broker. Implementation periods allow for the awarded broker to incorporate all requirements from the RFP and contract into operation to ensure a timely go-live with minimum disruption for the state's eligible Medicaid population.</p>
<p>If Medicaid were to change its current pharmacy benefit manager model, what changes would you recommend?</p>	<p>None</p>