



FOR IMMEDIATE RELEASE
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Backgrounder

LogistiCare on MetroAccess Program and Incentives

The big picture

With LogistiCare's cooperation, the Washington Metropolitan Area Transit Authority (WMATA) is currently conducting a review of the MetroAccess program's procedures and operations, which has identified areas for improvement for all parties. LogistiCare has not had the opportunity to fully review WMATA's preliminary findings and cannot therefore indicate its concurrence with the review.

The two organizations are still negotiating a contract extension that will guarantee uninterrupted transportation service within the MetroAccess program for ADA-eligible persons. The extended contract is expected to run through Jan. 14, 2006, and will incorporate recommendations made by the Regional Paratransit Task Force, as well as recommendations made by LogistiCare and WMATA during the current contract term. A competitive procurement process will be used for the next renewal.

Who is LogistiCare?

LogistiCare is the transportation management contractor that subcontracts all MetroAccess transportation requests to over a dozen local transportation providers. The local providers then submit their trip manifest information (including actual pick-up and drop-off times, mileage incurred, etc.) to our verification-billing department. It enters this data into LogistiCare's system for reporting to WMATA. LogistiCare only bills WMATA for completed trips.

The history

Since January 2000, LogistiCare has undergone numerous annual audits: two by the Federal Transit Association (FTA) and multiple program audits by WMATA's Auditor General. The company also houses an internal auditor from WMATA in its call center. The WMATA auditor conducted trending and data analysis covering the last several years. LogistiCare is accustomed to in-depth reviews, feedback from WMATA, mutual resolution of issues and policy changes of existing procedures – all geared toward program improvement.

None of these reviews ever revealed concerns by WMATA:

1. with the way that transportation companies' trip invoices had been documented or processed; or
2. about any type of alleged wrongdoing.

Because the ADA guidelines that apply to the MetroAccess program are very specific and defined, there are no program policies created or revised by LogistiCare that do not undergo strict review and approval by WMATA management.

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How we see it

“We believe strongly that the best measure of how we are doing is growth in the program.”

John Shermeyn
President and chief executive officer
LogistiCare

The facts

Since LogistiCare took over managing the MetroAccess program on Jan. 15, 2000:

1. The number of rides has increased from just less than 17,000 per month to more than 96,000 per month through June 2004. The number of eligible riders also has increased, supporting the increase in demand.
2. The program operates at zero reservation denials.
3. The number of complaints decreased from five per 1,000 completed trips to just over two complaints per 1,000 completed trips in 2004 (through Sept.).
4. The current per trip reimbursement from WMATA is \$25.72, a decrease from \$38.08* – the previous cost per trip equivalent based on data from the 1999 RFP.

* Source: MetroAccess RFP No. C-93634-1999 and attachments

The Issues

Issue: Accuracy of complaint reporting

WMATA operates the call center that records complaints from MetroAccess riders. The monthly reports that document complaint data are generated by WMATA, not LogistiCare.

It has been suggested that an increase in complaints is what led to WMATA's closer review of transportation company trip manifests. LogistiCare, however, had been told that the closer review was occurring as the result of uncovering possible abuses by riders and drivers – looking at trip manifests with a focus on minor alterations (due to illegible manifests).

Issue: Incentive for on-time performance

The monthly incentive available to LogistiCare from the inception of the contract was \$10,000 for on-time performance, with no other incentives for any other measure. WMATA and LogistiCare agreed that in order for a greater importance to be placed on service delivery by all parties (contractor, transportation providers, etc.), an increase to the incentive program would be necessary.

The incentive program was recast to pay \$110,000 monthly based on three separate criteria:

- 60 percent for on-time performance (\$66,000 a month),
- 30 percent for Drug and Alcohol Compliance (\$33,000 a month); and
- 10 percent for Call Center phone statistics (\$11,000 a month).
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The monthly incentives are reviewed by and approved by WMATA. Any suggestion that the \$110,000 monthly bonus is solely for on-time performance is inaccurate. Both the Auditor General and the WMATA/MetroAccess manager have approved, with no exceptions or questions, the Drug and Alcohol and the Call Center incentive criteria.

LogistiCare also maintains a monthly incentive program with its subcontractors – highlighting the importance LogistiCare places on operating a reliable system for all riders.

In addition to the provider incentive program, monthly meetings are held with individual transportation companies. These include discussions of operational aspects of the program from the perspectives of both LogistiCare and the transportation companies. Each meeting lasts three hours and includes a review of safety issues, overall complaints, vehicle maintenance reporting, drug and alcohol reporting, on-time performance and a review of egregious service failures. Further, the meetings are tape recorded for quality assurance purposes and are a core reason why overall program performance has improved.

Issue: On-time performance audit

During the last three years, LogistiCare has shared a space with a WMATA internal auditor who has been conducting trend and analysis reviews, with no findings. It wasn't until LogistiCare, through its data analysis, identified potentially abusive trip patterns between specific customers and transportation providers that the Auditor General took interest in the manner that the subcontractors were reporting their vehicle pick-up times.

The procedures used by LogistiCare to verify and enter data for 100 percent of all trip manifests (roughly 96,000 a month) are the *same* today as they were in January 2000, before any incentive program was in place. There have been no policy changes affecting how the verification specialists process transportation provider manifests, including how on-time performance data is entered or how clarification of illegible trip manifests is sought.

LogistiCare verifies 100 percent of the 96,000 monthly trips, and although 10 percent require further action or research (due to blank spaces or illegible handwriting), this is typical of the volume handled and not uncommon in this industry, particularly in a fee-per-trip environment.

For 1 percent, or about 1,000 of 96,000 completed trips, LogistiCare had to notify or question subcontractors about the times that had been reported. At no time, since the inception of this contract had LogistiCare been asked to act as an investigation division of the Auditor General's office. Our task was clear and precise: LogistiCare was to 1) process all non-cancelled trips for subcontractor payment; and 2) ensure that the information needed for reporting purposes was complete.

From the preliminary findings shared with us, just 1 percent of on-time performance data is being questioned. We feel it is significant that that data does not pertain to just one transportation company, one LogistiCare verification specialist or to one particular driver. We believe that this indicates clearly that this is more of a procedural documentation issue than any kind of orchestrated, intentional act on anyone's part.

LogistiCare has been cooperating fully with WMATA and is open to procedural changes to the verification process.

Issue: Potential abuse

WMATA was aware of potential abuse before LogistiCare began managing the MetroAccess program. However, there was no requirement in the initial Request For Proposal, or even during the last five years, from WMATA management requesting the need for such an investigative division for this program.

Nonetheless, LogistiCare had been identifying specific questionable trends in the data that appeared to be signs of potential abuses of the program and had been forwarding this to WMATA for follow-up. It had become obvious that the frequency of certain program riders was outside what could be considered normal and that further investigative work was necessary. LogistiCare also had shared ideas about creating fraud and abuse programs with the Auditor General in the early part of 2004 to address possible abuses but has yet to receive a response to those suggestions.

During a recent annual audit, WMATA's Auditor General was given a tour of LogistiCare's Georgia network operations center that has a utilization, fraud and abuse department as required by the Centers for Medicare and Medicaid Services (CMS) for non-emergency transportation (NET) services. LogistiCare also provided RFP language from other similar programs that highlights the need for this type of initiative to be included in the next WMATA RFP and as an enhancement to the program for 2005.

Issue: Management actions

Based on a request from WMATA, LogistiCare agreed to re-assign its two managers, who oversee the MetroAccess program. Although such is WMATA's right under the contract, we feel though that the strong and dedicated efforts of these two managers, as well as those of WMATA management and our committed transportation provider network have been key to significantly improving MetroAccess services over the last three years.

Such effort and commitment is what we believe has drawn more eligible riders to the program over the last four years. It is generally understood in a fee-per-trip program that when services are poor, demand and the number of eligible riders decreases, and when services are good, demand and the number of riders increases.

If you have any questions, please contact Ed Domansky, Director of Corporate Communications at 770.994.4579.

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