

Case Study The Connecticut Medicaid NET

Background

In 1995, the Connecticut Department of Social Services (DSS) chose 10 managed care organizations to provide healthcare services for approximately 300,000 people, or two-thirds of the state's Medicaid population. These HMOs initially utilized a consortium of transportation companies to provide non-emergency transportation (NET) for this population (NET is a benefit of the Medicaid program). The consortium quickly realized it was unable to handle the complexity involved, including the sheer volume of transactions, geographic coverage, and ensuring client-defined minimal levels of customer service.

In 1996, several of the Medicaid HMOs asked LogistiCare to assume complete statewide management responsibilities for NET, including call intake, trip-by-trip eligibility determination, encounter and performance reporting, and billing and project management responsibilities.

A few years later DSS wanted to adopt a transportation network management system for the remaining third of the Medicaid population not in managed care, to eliminate problems similar to those encountered by the HMOs. In 1998, DSS awarded LogistiCare a capitated per-member-per-month contract to manage NET in two of the state's five service regions.

Business Challenges

Prior to the HMO Medicaid carve-out and the DSS transportation network model in 1998, the state operated an any-willing-provider system. Connecticut's highly regulated transportation system presents

significant challenges. Taxi, stretcher van, wheelchair, and ambulance services are regulated locally, with rates and tariffs set by local authorities. The environment did not allow for dedicated resources to the Medicaid NET service. LogistiCare's solution would need to upgrade the service levels, driver training standards and insurance standards of its provider network without the benefit of being the contracted providers' largest customer.

Approach

Increased use of public transit: We used Connecticut's strong public transit system to "right-size" level of service where appropriate. We created a highly successful bus pass and train program to complement local transportation companies. Customers located near the transit system and physically able to walk were issued monthly bus passes to reach their health-care destination. This approach managed costs even though utilization increased sharply.

Transportation network development: We developed a credentialed network of more than 30 companies offering varying levels of service – van, ambulance and wheelchair. In combination, this network offered a fleet of 600 vehicles and more than 400 trained drivers.

Performance incentive: Under our provider performance incentives, volume of trips assigned to providers was commensurate with the performance rating they received from LogistiCare's independent quantitative customer satisfaction survey.

“In the regions served by our transportation network, the average cost per trip fell from \$19 to \$12 in the first year of operation. At the same time utilization increased by more than 50%.”

Centralized call center operations: A new network operations center in Yalesville became the hub of our transportation operations, with 35 full-time employees handling call volume.

Results

Improved financial efficiency: NET program savings in Connecticut were dramatic. DSS reduced its expenditures by \$4 million, while the managed care organizations saved an estimated \$650,000 annually on transportation. In the regions served by our transportation network, the average cost per trip fell from \$19 to \$12 in the first year of operation. At the same time utilization increased by more than 50%.

Increased public transit utilization: Use of public transportation increased quickly, from 15% to more than 40% of the 80,000 monthly trips we delivered. As

a result, we provided Medicaid customers twice as many trips at the same cost.

Call center performance: The network operations center now handles 281,000 calls annually, with an average response time of 30 seconds and an abandonment rate of less than 5%.

Update

LogistiCare now has managed Medicaid NET in Connecticut for six years with only a small 3% rate increase from the 1997 base period. When the DSS contract was rebid in 2001, LogistiCare was awarded four of the five state regions thereby expanding its role in the state. LogistiCare now manages more than 75% of the state Medicaid population, including managed care and out-of-plan beneficiaries.

In the recent rebid of the DSS contract, overall program costs were reduced once again.

