

Program Overview:

GEORGIA'S NET

In 1997, LogistiCare partnered with the Georgia Department of Community Health (DCH) to implement the first-of-its-kind, statewide Medicaid non-emergency transportation (NET) management system. In just one year, LogistiCare was credited with helping the state cut its transportation costs in half while eliminating fraud and increasing recipients' access to service. Georgia now operates one of the most comprehensive Medicaid NET systems in the nation and has become a model for other Medicaid transportation programs.

Program Background

In the mid 1990s, Medicaid spending was escalating sharply nationwide. Many states, including Georgia, were operating under strained budgets and struggling to meet the obligation of providing Medicaid recipients with appropriate NET services. DCH set out to reform its NET program by changing the way it delivered the benefit to its Medicaid population. The Department partnered with transportation management / brokerage companies to implement a comprehensive NET management system throughout the state's five regions. This was a significant departure from its existing delivery model.

LogistiCare was selected to serve three regions, covering 80 percent of the state. Because LogistiCare had made an immediate impact in its regions, in May 2002 the company was awarded a contract to continue managing those areas and to begin service to a fourth region. LogistiCare currently manages NET service in 90 percent of Georgia, providing over three million annual trips, for more than 900,000 eligible individuals, in 157 of the state's 159 counties.

Early Program Challenges

Early on, LogistiCare discovered that the program faced three distinct challenges:

- ◆ A large Medicaid population with high demand for NET services
- ◆ Transition from an existing delivery model that was not efficient or effective
- ◆ A Medicaid population with unique geographic and demographic characteristics

Level of Demand

The state's Medicaid population was quite large, which meant demand was also significant. Approximately 10 percent of the population or about 800,000 residents were receiving Medicaid assistance in 1997.

Service Model Issues

Georgia's program had been operating under an "any-willing-provider" model which could not meet the trip demand. Under this management style any transportation provider that was willing to deliver a requested ride and was eligible to bill the Medicaid program could participate. However, there were no standards or controls in place to monitor the providers, their drivers or their vehicles – thus no accountability. This fragmented approach resulted in unreli-

"In 1997, Georgia was one of the first states to create a NET brokerage system. We are proud of this program and believe it works well. Since 1997, costs have declined dramatically, access has expanded in remote rural areas, and other key quality indicators have improved in LogistiCare-managed regions."

Georgia Department
of Community Health



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Geographic and Demographic Challenges

Georgia's Medicaid population had unique demographic and geographic characteristics that were not being addressed. The location of recipients relative to healthcare facilities compounded the problems of high demand and inadequate provider coverage. Georgia is the largest state east of the Mississippi River and it is home to some of the best medical facilities in the region. However, most are located in limited urban areas while literally half of the Medicaid population resides in rural areas or small towns without such facilities. The any-willing-provider model offered no guarantee of service to those rural areas. At the time 29 of Georgia's 129 counties had no NET providers.

The geographical challenges were multiplied by the demographics of Georgia's eligible Medicaid population. More than 65 percent of recipients required subscription trips for a chronic disease and many had to travel long distances to obtain appropriate care. At the time, average trip length for healthcare services was 43 miles!

These combined challenges resulted in inadequate service, poor to no access and skyrocketing costs.

Program Goals

LogistiCare immediately began working with DCH to set the following goals designed to get the state's NET program and its Medicaid recipients where they needed to be, more efficiently and more cost effectively.

- ◆ Reduce and control costs by: identifying and eliminating fraud and abuse, assigning the most appropriate mode of transportation and implementing a capitated contract structure for greater budget predictability.
- ◆ Develop a complete and reliable transportation network to serve all locations
- ◆ Improve overall program quality through accountability

Solution

LogistiCare instituted changes in three specific areas to meet the above goals.

- ◆ Local transportation network development
- ◆ Front-end screening, gatekeeping and billing verification
- ◆ Quality assurance

These initiatives yielded an immediate impact on costs.

Local Transportation Network Development

LogistiCare conducted extensive outreach initiatives to locate, recruit and credential transportation providers – developing a robust network of nearly 150 local transportation companies. This extensive and growing provider network enabled the company to offer recipients increased access to 1,000 vehicles and 2,000 drivers. In the first contract year, LogistiCare delivered service to underserved counties and to areas where service had never been available.



"As a dialysis social worker in a rural clinic, I communicate often with LogistiCare to coordinate the transportation needs of my patients. I rely on the transportation staff to be accurate and efficient in scheduling my patients and find this to be true on a consistent basis... I feel very fortunate to be able to have such an effective transportation system in place to meet the needs of my dialysis patients."

Dialysis Social Worker
Gambro Healthcare - Thomaston, Georgia

Screening, Gatekeeping and Billing Verification

LogistiCare immediately began reducing instances of fraud and abuse and began saving program dollars by introducing comprehensive screening, gatekeeping and billing verification techniques. Call center representatives (CSRs) carefully screened individuals requesting NET service to verify their eligibility for the requested service. CSRs then served as gatekeepers by assigning trip service via the most appropriate and least costly mode of transportation. Billing personnel also confirmed that transportation invoices matched actual trips provided prior to authorizing payment. This further improved cost containment.

Quality Assurance

LogistiCare introduced rigorous quality standards to the program. Field inspectors in regional offices routinely and uniformly began enforcing vehicle safety, driver screening and driver training standards. Regional quality assurance personnel were hired to respond to concerns from customers and social service programs. LogistiCare also commissioned independent third party customer satisfaction research to provide DCH detailed quantitative performance feedback. In a nutshell, LogistiCare implemented a quality assurance program based on accountability and it worked.

Initial Results

Improved Financial Efficiency

In the first contract year, NET costs were cut literally in half, from \$84 million to \$55 million statewide. LogistiCare's capped contract structure also allowed for budget predictability and stabilization.

First-Year Results

- Costs cut from \$84 million to \$55 million statewide
- Utilization increased by 300%
- Cost per trip reduced to \$15.65, below the national average of \$16.00

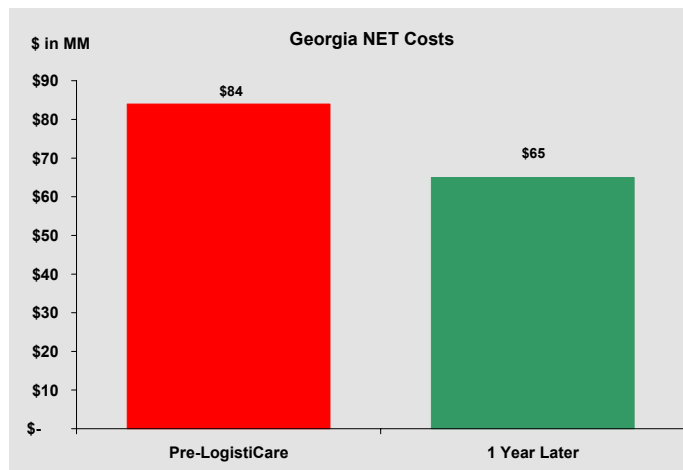


Transportation Cost Efficiency

Georgia began spending slightly below the national cost-per-trip average, \$15.65 compared to \$16. Individual state per trip costs range from a low of \$2 in Wyoming to a high of \$123 in the District of Columbia.

Enhanced Data

The state now benefits from more accurate real-time and historic utilization data. LogistiCare supplies timely statistics which help DCH estimate future costs while providing budget predictability for transportation.



Since 2000

LogistiCare's first contract term with the state of Georgia, from 1997 to 2000, was certainly a success. Currently, the company is maintaining cost stability for the program even though the number of eligible recipients has increased by 49 percent

over the last five years. This increase has led to a moderate escalation in overall NET costs.

Unit service costs (cost per trip) have only increased by 18 percent during this period, even though:

- ◆ gasoline costs increased 21 percent,
- ◆ driver wages increased 15 percent and
- ◆ insurance costs increased over 200 percent!

Overall, the cost per member has **decreased** by 11 percent.

Since starting work in Georgia in 1997, LogistiCare has kept NET program costs low and highly stable compared with Medicaid's average annual cost increase of eight percent for the same period. In fact, had the state of Georgia not contracted with LogistiCare to implement the brokerage model, the NET program would have experienced at least a three percent increase each year, based on the change in consumer price index alone. Even with the increases in service costs mentioned above, LogistiCare's actual fiscal year costs for 2005 are still \$20 to \$25 million less than they were when the company was first awarded the contract nine years ago.

Estimated increase based on Medicaid avg. annual Increase
7%

Estimated increase in state's costs based on avg. adjusted CPI
3%

Actual avg. change in program costs with LogistiCare
-1%

Legend:

- Estimated increase in the state's costs based on Medicaid's reported avg. annual increase
- Estimated increase in the state's costs based on the avg. adjusted consumer price index (CPI)
- State's actual program costs with LogistiCare

