

VIRGINIA'S NET

In 2001, LogistiCare partnered with the Virginia Department of Medical Assistance Services (DMAS) to implement the commonwealth's first Medicaid non-emergency transportation network management model as part of a statewide initiative to convert from a fee-for-service system. Overall costs of the program decreased dramatically, while program utilization and customer satisfaction increased.

Program Background

Prior to 2001, Virginia's NET program was like many other states' where any transportation provider that was willing to deliver a recipient's requested ride could participate as long as they were eligible to bill the Medicaid program. Because there was no coordinated system, patients were forced to find their own transportation provider and often had to contend with late pick-ups, drop-offs and no-shows. Complaint levels were high and utilization of Medicaid transportation was lower than expected. Additionally, instances of fraud and abuse – over billing for miles, billing for non-medical trips, using inappropriate transportation modes, or even billing for trips that never occurred – were rampant.

In the face of these problems and significant budget issues, DMAS began to look at ways to improve its NET program. The decision was made to move to the LogistiCare pioneered transportation network manager/brokerage model as part of a statewide initiative to convert from a fee-for-service system to a managed brokerage system. DMAS requested bid solutions to provide brokered NET transportation for

the commonwealth's seven Medicaid regions. Bids were evaluated on a region-by-region basis. LogistiCare received the highest marks for their technical proposal in each region and the company's pricing was competitively within the range of all other bid-

ders. However, a bidder protested the results of the procurement process, citing a series of technicalities. DMAS cancelled the procurement, and the project was re-bid in May 2001. LogistiCare again received the highest technical scores in all regions, but the protesting contractor submitted a bid with a significantly lower cost proposal. As a result, the contract was divided – LogistiCare was awarded three regions and the protesting bidder was awarded the remaining four.

The start-up phase in LogistiCare's regions was implemented smoothly and on

time. A call center was established in the town of Norton, a rural area badly in need of employment opportunities. Service commenced in the three regions in July 2001, utilizing regional offices in Norton, Charlottesville and Staunton.

"LogistiCare has consistently impressed me with their professionalism, their understanding of the brokerage business, and their commitment to good customer service ... I am proud to say that our new brokerage program has been a great success, and continues to become even better under their careful management."

Virginia Department of Medical Assistance Services Official



LogistiCare Call Center at Hotel Norton

DMAS Program Goals

DMAS clearly outlined its goals and objectives for transitioning from a fee-for-service to a brokerage model of delivering NET services. Overall, DMAS wanted to:

- ◆ Control program spending
- ◆ Provide more efficient and effective transportation services
- ◆ Prevent fraud and abuse

Early Program Challenges

By all measures, LogistiCare's brokerage model got off to a great start in achieving the commonwealth's goals by reducing spending, decreasing inappropriate utilization and improving service. This success was realized by:

- ◆ Identifying and eliminating fraud and abuse via eligibility and billing verification and screening
- ◆ Assigning the most appropriate mode of transportation to eligible recipients
- ◆ Implementing a capitated contract structure for greater budget predictability
- ◆ Improving the overall quality of service through driver, recipient and broker accountability programs

The early success was not without program challenges, including poor performance by the broker in the regions LogistiCare did not manage and inefficiencies in the commonwealth's NET regulations.

Broker Issues

Early on, Virginia's four regions not managed by LogistiCare were plagued with numerous operational and financial issues. So much so, that DMAS released the broker from its contract and in December 2002, asked LogistiCare to extend service to the remainder of Virginia's Medicaid population. This meant providing an additional 250,000 individuals with an estimated 280,000 trips per month.

LogistiCare responded quickly, hiring additional staff, adding phone lines and expanding its provider network in time to begin services by the requested date. LogistiCare continues to provide service for 100 percent of Virginia's Medicaid population, ensuring that over 3.9 million trips are delivered annually.

Issues with NET Regulations

Soon after implementation, LogistiCare discovered significant inefficiencies in the commonwealth's NET regulations. Originally, they required that all recipients that had to remain lying down be transported only by ambulance. This method was costly, since ambulance providers charged emergency rates and used emergency medical technicians as drivers. LogistiCare convinced the commonwealth to introduce a stretcher van benefit which provided comfortable, high-quality transportation services but no medical care. Many NET recipients that had been transported by ambulance were now being transported by stretcher van.

Introducing a stretcher van benefit for Medicaid recipients resulted in significant cost savings for the commonwealth.



Solutions and Results

Under LogistiCare's watch, overall program costs decreased dramatically, while program utilization increased. Program performance and customer satisfaction, as measured by third-party surveys, also improved. DMAS was able to achieve a unified, statewide NET program that has become a model for other states and that has clearly accomplished its original goals.

Improved Financial Efficiency

DMAS has estimated that under its former fee-for-service model, the commonwealth would have spent \$129 million on the NET program in FY 2002 and FY 2003 combined. Instead, it spent less than \$85 million over these two years, saving over \$44 million in federal and state funds.

Better Reporting and Cost Efficiency

Before the brokerage program was implemented in 2001, per-trip costs could not be definitively determined because only claims data were being collected on the NET program. However, reasonable estimates have put this cost at a minimum of \$20 per trip. Today, Virginia NET provides one million more trips per year than it did in 2000, at a per trip cost of only \$15. This change in service levels and decrease in costs represents a gain in efficiency of over 20 percent during a period when insurance, fuel and driver costs all increased significantly.

LogistiCare continues to deliver value to the commonwealth of Virginia. In August 2005, the company was awarded a new contract to continue providing NET brokerage services to all seven regions of the commonwealth.

