

MISSOURI'S NEMT

In 2004 the state of Missouri issued a Request for Proposals (RFP) for the management of the state's non-emergency medical transportation (NEMT) services. The procurement was intended to re-design the NEMT program with the expectation of reducing overall costs. Key to that re-design was the introduction of a per-member-per-month (PMPM) capitation of payments to the successful vendor. The "at-risk" nature of capitation would assure the selected bidder's motivation to control unnecessary utilization and costs. The RFP required that each bidder provide an actuarial certification to ensure that their bid prices were sound.

Procurement History

In May 2004, LogistiCare was awarded a three-year, statewide contract to manage the capitated NEMT services to nearly 500,000 Missouri Medicaid recipients. A five-member team of evaluators concluded that LogistiCare was the most experienced in managing large-scale, capitated, NEMT programs - as evidenced by an overall proposal score of 104 out of a possible 105 points. The closest competitor, the incumbent, earned a score of 92.98 points. In addition to being scored the "best" bid based on the quality of its experience and service, LogistiCare was also the lowest-cost bid.

The new contract would have been effective July 1, 2004 and saved Missouri more than \$10 million a year. However, the incumbent broker succeeded in having the contract award cancelled based on a technical oversight by the procurement agency that was in no way material to the proposal evaluation process. As a result, the incumbent was awarded a month-to-month contract to continue managing services for about \$100,000 per day or \$3 million per month. This rate was substantially higher than monthly bids submitted by both the incumbent and LogistiCare in their respective proposals just a few months earlier.

The state issued a re-bid for the NEMT services in October 2005 and LogistiCare was once again selected as the state's broker - this time with a perfect technical score.

Program Cost Analysis

The following graphs show that Missouri's NEMT program costs in early 2006 were lower than they were for the previous four years. The cost per member has declined by 23 percent and the cost per trip has declined by 36 percent, even though membership has increased by 22 percent and trip demand by 47 percent.

With LogistiCare, the state of Missouri and its tax payers will save \$15 million over what the previous vendor was paid.



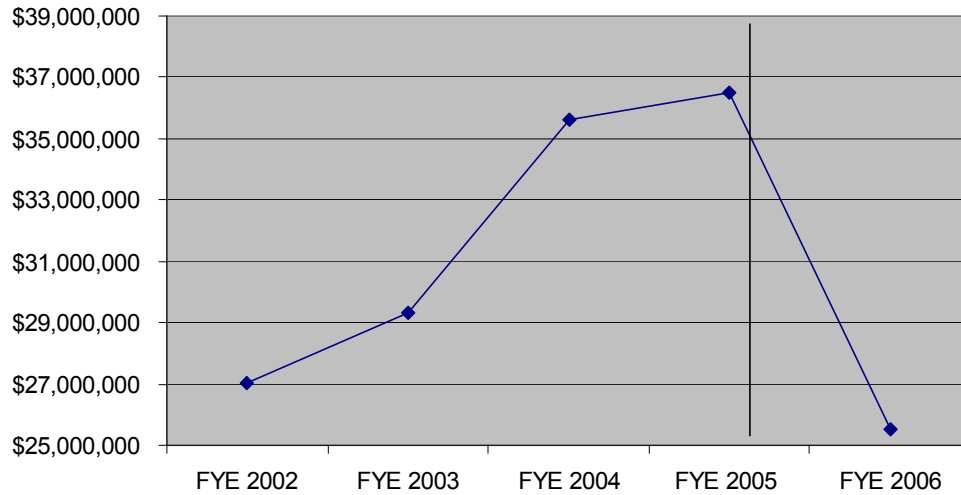
LogistiCare's Missouri Call Center

The 2006 *Program Cost* data indicated is based on LogistiCare's contract bid. The 2006 *Monthly Membership* figures are based on the latest available data for January 2006, which were projected into the remaining fiscal year. The *Trip Volume* has been extrapolated from actual program performance in November and December 2005.

The 2005 *Program Costs* are based on the interim agreement between the state and the incumbent broker, which called for a reimbursement rate of \$100,000 per day.

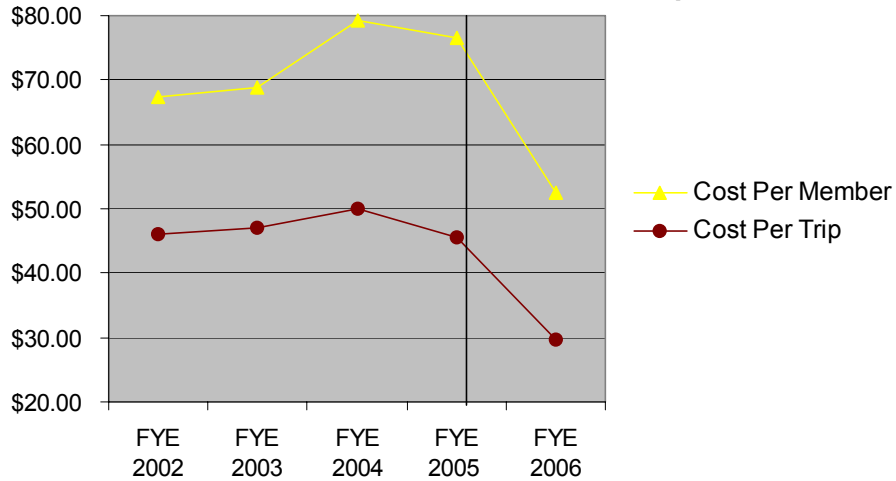
All other *Program Costs* used to develop these graphs were extracted from the Mercer Government Human Services Consulting group's actuarial data provided in the RFPs issued during 2004 and 2005.

Program Cost



Incumbent - 2002 thru 2005
LogistiCare - 2006

Cost Per Member / Cost Per Trip



Incumbent - 2002 thru 2005
LogistiCare - 2006