

A Review of the Division of Medicaid's Non-Emergency Transportation Program

CONCLUSION: The Division of Medicaid (DOM) has an opportunity to further improve its cost-efficiency of the non-emergency transportation (NET) program by factoring the weight of costs for non-utilizing NET beneficiaries into its next procurement. DOM should consider revising the scoring process in factoring in implementation costs to eliminate potential bias towards the existing NET broker. DOM should improve its oversight of the NET program by becoming less dependent on self-reported data from the NET broker, establishing standard operating procedures for auditing, assessing liquidated damages on a routine basis, and improving the beneficiary satisfaction survey processes.

Background:

Senate Bill 2836, 2018 Regular Session, mandated that the PEER Committee review the Division of Medicaid's (DOM) non-emergency transportation (NET) program and deliver its report by January 1, 2019, and every two years thereafter. This is PEER's second review under this law, and third overall NET review.

What is a NET program and how does DOM administer its NET program?

A non-emergency transportation (NET) program is a program administered by the Division of Medicaid (DOM) that provides rides to and from scheduled Medicaid-enrolled provider appointments. NET programs are mandatory for all states by the federal government per 42 Code of Federal Regulations Sections 431.53. DOM uses the private brokerage model to administer its NET program. The DOM contracts with a private broker to run the daily operations of the program while DOM serves in an administrative role overseeing the NET program.

The current NET broker is Medical Transportation Management, Inc. (MTM). MTM has served as the NET broker since 2013. MTM was awarded the most recent NET contract in 2018. NET brokers are responsible for serving as the intermediary between NET beneficiaries and transportation providers who transport the beneficiaries to their qualifying appointments.

How many individuals utilize the NET program?

There are currently an average of 5,925 NET utilizers per month and an average of 107,251 NET non-utilizers per month. Since the NET contract began in February 2019 the NET program has provided 885,983 rides with an average monthly ride total of 49,221 rides.

Cost and Procurement Recommendations:

- DOM should consider revising the scoring process in determining how it factors in the implementation cost component of the overall NET bid proposals for future NET broker procurements.
- Considering that approximately 88.7% of the total actual NET costs through the initial 17 months of the current NET contract covered payments for non-utilizing NET beneficiaries, DOM should consider the weight of the cost of non-utilizers per month in any proposals or bids in future NET procurements.

Did the 2018 NET procurement meet state procurement guidelines?

State procurement guidelines were updated to make competitive sealed bidding the preferred method of procurement unless it is not practical and advantageous. DOM used competitive sealed bidding (e.g., invitation for bid) when procuring the most recent NET contract in 2018. Using the invitation for bid, DOM reduced the price of the 2018 NET broker contract by 17.4% in comparison to the 2013 NET broker contract.

2018 IFB NET Broker Bid Submissions	
MTM, Inc.	\$96,776,053.76
LogistiCare, LLC	\$97,200,581.99
SoutheasTrans, Inc.	\$133,838,426.48

Did DOM reduce NET expenditures with the new payment methodology?

DOM transitioned from a firm and fixed rate to a utilization-based payment methodology for the 2018 NET broker contract. This new payment methodology has avoided costs to DOM by an average of \$171,500 per month over the first 17 months of the 2018 NET broker contract compared to 17 months under the prior NET broker contract payment methodology.

PEER found that current contract costs through the first 17 months of the NET broker contract were as follows:

- 88.7% of payments covered NET-eligible beneficiaries that did not utilize NET services.
- 11.3% of payments covered NET-eligible beneficiaries that did utilize NET services.

How does DOM hold MTM accountable?

PEER evaluated how DOM holds MTM accountable as the NET broker. In the NET broker contract, DOM places various performance and reporting standards that the NET broker is expected to comply with. Examples of these performance measures include: beneficiary wait times not exceeding 15 to 60 minutes depending on the trip type, scheduling and authorizing trips within 10 business days, and ensuring vehicles that provide NET trips meet compliance standards.

DOM is currently highly dependent on accurate self-reported data by MTM to oversee and monitor MTM's performance as the NET broker.

DOM also uses the following measures to hold MTM accountable:

- **Deliverable Reports:** DOM requires MTM to submit 22 reports on a monthly basis to monitor MTM's performance as the NET broker.

- **On-Site Field Audits:** DOM personnel observe how NET drivers interact with beneficiaries and watch for various vehicle and driver standards.
- **Beneficiary Satisfaction Surveys:** MTM sends surveys to a random sample of NET beneficiaries who utilized the NET program to inquire about their level of satisfaction with NET services.
- **Encounter Data:** DOM ensures that the number of trips entered into its data management system is equal to the number of trips provided on the invoice from MTM.
- **Corrective Action Plans:** DOM can require MTM to create a plan outlining how it will improve performance in each deficient performance area.
- **Liquidated Damages:** DOM can assess liquidated damages and withhold these damages from NET broker payments if MTM is deficient in performance. Since the contract began in February 2019, DOM has charged \$1,274,800 in liquidated damages.

Accountability and Other Recommendations:

Opportunities exist for DOM to improve the overall accountability structure for operation of the NET program. Specific improvements that DOM could take to ensure they hold MTM accountable include:

- Establishing a formal process to verify the information that is provided by MTM in the monthly deliverable reports. DOM is currently highly dependent on accurate self-reported data by MTM regarding its performance.
- Establishing formal standard operation procedures and an audit checklist to conduct on-site field audits. Further, DOM should use the results of these on-site field audits to measure the overall performance of MTM and NET operations.
- Analyzing options to increase the response rate of the monthly beneficiary satisfaction survey to ensure the response rate provides sufficient feedback to both MTM and DOM.
- Establishing a formal process to track the beneficiary satisfaction survey responses and to compare these with the information provided in the monthly deliverable reports to identify any opportunities for improvement in NET services.

Other Recommendations for the NET program include:

- Surveying non-utilizing NET beneficiaries to determine why these beneficiaries do not utilize NET services.
- Establishing a timeline to routinely assess liquidated damages in a more consistent manner since liquidated damages have not been assessed or collected since December 2019. Having such a timeline would allow MTM more predictability for any applicable payment withholdings by DOM.

How has COVID-19 affected the NET program?

Due to the COVID-19 pandemic, DOM granted MTM contractual waivers for certain performance provisions within seven sections of the NET broker contract. Examples of these waivers include:

- the removal of performance measures for beneficiary wait time;
- the allowance for NET drivers to sign trip logs on behalf of NET beneficiaries;
- the non-assessment of certain liquidated damages; and,
- the ability to inspect NET transportation vehicles using video and photographs.

DOM's monthly payment to MTM increased by an average of \$225,180, or 7.5%, from May 2020 - June 2020 due to the COVID-19 pandemic. This was in large part due to the \$25 per month charged for non-utilizing NET beneficiaries.

The COVID-19 pandemic increased the overall number of Mississippians receiving Medicaid, thus increasing the number of eligible NET beneficiaries. This increase in NET beneficiaries led to increased contractual

monthly payments to MTM. DOM pays \$25 per month for each NET-eligible beneficiary who does not utilize NET services. Although more Medicaid beneficiaries were becoming eligible for NET services, they were not utilizing these services. From May 2020 through June 2020 the number of NET-eligible Medicaid beneficiaries increased by an average of 11,021 beneficiaries per month. This increase in the amount of \$25 per month per non-utilizing NET beneficiaries increased DOM's monthly payment to MTM for the same time frame by 7.5%.