9.4.2.1 Title Page

RFP 1948

Part II – Cost Proposal for:

Non-Emergency Transportation Brokerage Services

Prepared for

State of Nevada

Department of Health and Human Services

Division of Health Care Financing and Policy (DHCFP)

Submitted by:

Medical Transportation Management, Inc. (MTM)

16 Hawk Ridge Drive

Lake St. Louis, MO 63367

Proposal Opening Date: November 30, 2011

Proposal Opening Time: 2:00 PM

Nevada Pricing Narrative

Medical Transportation Management, Inc. (MTM) has prepared a detailed line item budget for the Nevada Department of Health and Human Service, Division of Health Care Financing and Policy (DHCFP)'s non-emergency transportation (NET) program based upon our expertise and the requirements of the RFP. With more than 16 years in the NET industry, MTM has broad experience bidding and operating similar State Medicaid programs in Kansas, Missouri, South Carolina, Minnesota, the District of Columbia, and Texas, along with numerous county-based and managed care programs. We have relied on the data book supplied by DHCFP and the responses to questions as our baseline for determining a realistic budget estimate for this program.

In addition to this DHCFP-provided data, MTM used our own internal data gathered from operating NET programs of similar size and scope. As a result of our analysis, MTM is submitting the required Section 5.1 Cost Table. This table, provided immediately following this narrative, outlines the annual transportation and administrative costs based upon the provided data and our assumptions. These assumptions are addressed in the following paragraphs, as well as in the form provided in Tab III.

Member Months

The estimation of the member months will directly affect the total estimated cost of services. In the response to question #64, bidders were instructed to use the average Member Months from Calendar Year 2011. Based upon the calendar year-to-date members in October 2011, we have calculated the annual member months to be 2,942,702. Neither the RFP nor the response to questions indicates any anticipated material changes to the Medicaid program; therefore our calculations do not include any growth in membership or utilization adjustments.

Transportation Cost

The data book provided a high level utilization by type of transportation mode, allowing us to reasonably estimate the trip volume by mode of transportation. However, the cost of transportation can vary base upon the estimation of the length of trips and the location of the recipients utilizing the NET benefit. Therefore, we used our best judgment to arrive at the cost per trip by mode. Based upon the Member Months of 2,942,702, we estimate the annual trip legs to be 628,311 with a total cost of $8,784,048. This equates to an average transportation cost of $13.98 per trip leg. The actual cost may be more or less depending upon the actual miles

driven and strength of the transportation network in rural areas. We have provided what we believe to be a fair estimate of the transportation cost. However, MTM is willing to share any cost savings with the State of Nevada, if the actual cost of transportation is less than the $13.98 per trip leg as presented in this bid. This is discussed in detail in the section titled Cost Saving Rebate below.

Administrative Cost

As mentioned, MTM has prepared a detailed line item budget for the Nevada NET program. In this budget, the administrative expense was determined based upon the estimated number of trip legs provided and the estimated number/duration of expected calls.

Per the instructions for developing our budget, MTM has identified and classified specific costs as either fixed or variable. Those cost categories are listed in the Cost Table in support of the amounts reported. In general, the fixed costs are costs that will remain constant as volume fluctuates, such as certain management positions, building leases, business licenses and taxes, baseline telephone equipment cost, and amortization of start-up expenses. In contrast, variable costs are listed as support in the Cost Table. Variable costs will change in relation to the actual trip or call volume experienced.

Price Proposals

As described within our technical proposal, MTM has developed two pricing proposals. In both proposals, the assumed Member Months, total trip legs, and total transportation cost remains the same. The difference in price is due to the administrative cost of locating the call center in our proposed Las Vegas facility or at our corporate location, as shown in Figures 1 and 2.

Option One: Cost with Call Center Located in Nevada	
Total transportation cost	*$8,784,048*
Total administrative cost	*$3,089,093*
Total cost of the program	*$11,873,141*
Per Member Per Month rate	*$4.03*

Figure 1: Price Option One. With the first pricing option, the call center would be located in Las Vegas. Please see the proceeding Cost Table for more information.

Option Two: Cost with Call Center Located at MTM's Corporate Office	
Total transportation cost	$8,784,048
Total administrative cost	$2,853,329
Total cost of the program	$11,637,377
Per Member Per Month rate	$3.95

Figure 2: Price Option Two. With the second pricing option, the call center would be located at our corporate location. Please see the proceeding Cost Table for more information.

Cost Saving Rebate

The above price proposals are both predicated upon the estimated cost of transportation of $8,784,048. MTM is dedicated to providing the most appropriate mode of transportation at the lowest cost for Nevada Medicaid recipients. To accomplish this goal, we must rely on cooperation and partnership with DHCFP. As mentioned previously, MTM is offering to share any transportation cost savings with the State of Nevada. This savings would be based upon the average cost per trip leg as identified in the Cost Table. The price proposal estimates the average transportation cost is $13.98 per trip leg; if MTM were to reduce this cost, any savings would be shared 50/50 with the State of Nevada on an annual bases.

For example, if the total actual amount of transportation cost paid by MTM in the first year amounted to $8,425,000 for 625,000 completed trip legs, the average cost per trip is $13.48. The total cost per trip leg reduction is $0.50 ($13.98 - $13.48); therefore, the total savings is $312,500 (625,000 trip legs x $0.50), and the first year cost saving rebate to the State of Nevada would be $156,250 ($312,500 x 50%).

MTM has priced our Nevada NET pricing model realistically, while still providing DHCFP with cost efficiencies over the current vendor. However, we warn DHCFP that other vendors with less experience may overestimate the potential cost savings they can achieve, potentially leading to default. We encourage DHCFP to select the vendor with the most advantageous, realistic pricing proposal, as well as consider the vendor who is most capable of providing high quality services at the price quoted. Finally, we think DHCFP would find it refreshing to work with a transparent company that is flexible and willing to meet the NET program's needs through an approach that includes a strong working relationship. That company is MTM, and we look forward to providing quality transportation services to NET recipients in Nevada.

Medical Transportation Management, Inc.
State of Nevada - Request for Proposal 1948
Non-Emergency Transportation Brokerage Services
(with Call Center located in Nevada)

Section 5.1 - COST (required table)

Cost Per Member Per Month - (Transportation cost only)	**$**	**2.99**
Cost per Trip - (Transportation cost only)	**$**	**13.98**
Total Operating Cost - (Transportation cost only)	**$**	**8,784,048**
Administrative Fixed Costs	**$**	**368,465**
Administrative Variable Costs	**$**	**2,720,628**
Other Costs: provide a detailed explanation	**$**	**-**

Above costs are based upon:	**Member Months (Average of CY 2011)**	**2,942,702**
	Total Trip Legs	**628,311**

Full Broker Cost - Per Member Per Month	**$**	**4.03**

Administrative Fixed Costs	
Salary and benefits - management staff	208,624
Office building lease - Nevada call center	48,000
Office building - utilites, cleaning, etc.	8,820
Business license, fees, taxes	3,000
System programming fee	3,900
Depreciation - equipment	55,008
Depreciation - furniture	5,064
Leasehold amortization	6,667
Amortization of Start-up cost	29,382
Total administrative fixed costs	**368,465**
Administrative Variable Costs	
Direct administrative cost	
Salary and benefits - operations	791,348
Third party systems hosting fees	65,880
Employee education and training	7,290
Office supplies, printing, postage	36,487
Computer supplies, repair, maintenance	8,580
Travel and employee mileage	13,750
Insurance - auto and business	79,634
Call center phone and data network charges	102,928

In-direct administrative cost	
Depreciation (systems and equipment)	75,213
Computer license and system support	26,338
Professional fees (audit and tax)	21,851
Programming and software	21,133
Workforce management system	14,050
Facility cost (rent)	94,222
Quality Management Admin allocation	32,987
Network Development Admin allocation	61,262
Client Services - OH allocation	107,538
Business Solutions - OH allocation	183,845
Technology - OH allocation	56,588
Call Center Admin - OH allocaiton	49,508
Marketing - OH allocation	69,164
Legal - OH allocation	22,109
Administration - OH allocation	126,157
Human Resources - OH allocation	11,793
Accounting - OH allocation	99,453
Corporate overhead and risk	541,521
Total administrative variable costs	**2,720,628**

Medical Transportation Management, Inc.
State of Nevada - Request for Proposal 1948
Non-Emergency Transportation Brokerage Services
(with Call Center located in an existing MTM location)

Section 5.1 - COST (required table)

Cost Per Member Per Month - (Transportation cost only)	**$**	**2.99**
Cost per Trip - (Transportation cost only)	**$**	**13.98**
Total Operating Cost - (Transportation cost only)	**$**	**8,784,048**
Administrative Fixed Costs	**$**	**223,396**
Administrative Variable Costs	**$**	**2,629,933**
Other Costs: provide a detailed explanation	**$**	**-**

Above costs are based upon:	**Member Months (Average of CY 2011)**	**2,942,702**
	Total Trip Legs	**628,311**

Full Broker Cost - Per Member Per Month	**$**	**3.95**

Administrative Fixed Costs	
Salary and benefits - management staff	159,536
Office building lease - satellite offices in Reno and Las Vegas	13,000
Office building - utilities, cleaning, etc.	1,470
Business license, fees, taxes	3,000
System programming fee	3,900
Depreciation - equipment	16,145
Depreciation - furniture	814
Leasehold amortization	-
Amortization of Start-up cost	25,530
Total administrative fixed costs	**223,396**
Administrative Variable Costs	
Direct administrative cost	
Salary and benefits - operations	747,168
Third party systems hosting fees	61,560
Employee education and training	6,812
Office supplies, printing, postage	35,701
Computer supplies, repair, maintenance	7,800
Travel and employee mileage	8,250
Insurance - auto and business	79,239
Call center phone and data network charges	102,928

In-direct administrative cost	
Depreciation (systems and equipment)	75,213
Computer license and system support	26,338
Professional fees (audit and tax)	21,851
Programming and software	21,133
Workforce management system	14,050
Facility cost (rent)	94,222
Quality Management Admin allocation	32,987
Network Development Admin allocation	61,262
Client Services - OH allocation	107,538
Business Solutions - OH allocation	183,845
Technology - OH allocation	56,588
Call Center Admin - OH allocaiton	49,508
Marketing - OH allocation	69,164
Legal - OH allocation	22,109
Administration - OH allocation	126,157
Human Resources - OH allocation	11,793
Accounting - OH allocation	99,453
Corporate overhead and risk	507,265
Total administrative variable costs	**2,629,933**

ATTACHMENT B2 – COST PROPOSAL CERTIFICATION OF COMPLIANCE TERMS AND CONDITIONS OF RFP

I have read, understand and agree to comply with the terms and conditions specified in this Request for Proposal.

YES X I agree to comply with the terms and conditions specified in this RFP.

NO _____ I do not agree to comply with the terms and conditions specified in this RFP.

In order for any exceptions and/or assumptions to be considered they **MUST** be documented in detail in the tables below. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. Vendors must be specific. Nonspecific exceptions or assumptions may not be considered. If the exception or assumption requires a change in the terms or wording of the contract, the scope of work, or any incorporated documents, vendors must provide the specific language that is being proposed in the tables below.

Medical Transportation Management, Inc.
Company Name

Alaina Macia
Signature

Alaina Macia
Print Name

11/21/2011
Date

Vendors MUST use the following format. Attach additional sheets if necessary.

EXCEPTION SUMMARY FORM

RFP SECTION NUMBER	RFP PAGE NUMBER	EXCEPTION (Complete detail regarding exceptions must be provided)

ASSUMPTION SUMMARY FORM

RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be provided)
5.1	53	We assumed 2,942,702 annual member months based on DHCFP's response to question #64.

This document must be submitted in Tab III of vendor's cost proposal.
This form MUST NOT be included in the technical proposal.