TAB I: TITLE PAGE

The title page must include the following:

Part II- Cost Proposal	
RFP Title:	***Non-Emergency Transportation***
RFP:	***3207***
Vendor Name:	***LogistiCare Solutions, LLC***
Address:	***1275 Peachtree Street NE, 6th Floor Atlanta GA***
Opening Date:	***October 8, 2015***
Opening Time:	***2:00 PM***

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TAB II: COST PROPOSAL

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INTRODUCTION

As part of our Cost Proposal narrative, LogistiCare would like to offer a comprehensive summary of our experience in managing this statewide program as well as provide future glimpses into the challenges and opportunities available.

LOGISTICARE AND NEVADA NET PROGRAM HISTORY

LogistiCare has operated the Nevada NET Program since October 2003. We are the largest and most experienced NET transportation management company in the nation with direct Medicaid statewide operations (Connecticut, Delaware, Oklahoma, New Jersey, Rhode Island, South Carolina, Virginia, and others), along with numerous regional state operations. An inexperienced bidder, unrealistic about the challenges of predicting and managing capitated program costs, will struggle to maintain the services required to sustain a successful program. Ultimately, denying these services will cost DHCFP a great deal more in transportation and medical losses. For example, recipients not served properly through the NET program, may end up in the emergency room by an ambulance, which costs approximately ten times as much. LogistiCare has been asked by multiple states to take over their programs from our competitors due to their significantly underpricing a bid. Competitors' realized they could not take the risk in servicing the contract and terminated the program in a manner not contractually offered. Therefore, it is critical to have a partner that is operationally capable of executing program changes as needed. We believe that DHCFP and LogistiCare have such a partnership.

It is also critical to be able to rely on a management company that has the financial stability to weather the unexpected, as well as the flexibility to drive program changes that benefit their clients.

Originally, the Nevada NET program was operated through county district offices with similarities, but there were enough operating differences that coverage was inconsistent, not always guaranteed, and network development was a secondary role fulfilled by those offices. Upon beginning management of the program, LogistiCare became familiar with the needs of the recipients, as well as the regulatory environment. We assisted in introducing legislation that allowed for easier and less bureaucratic credentialing of transportation providers, increasing availability throughout the state, encouraged competitive pricing among existing and new providers, and overall improved low cost access to Nevada's Medicaid recipients.

TODAY'S ENVIRONMENT AND CHALLENGES

Most recently, this program has faced with two unique challenges - increased membership resulting in higher volume and the ever-changing medical network coverage. The program has experienced a significant increase in Medicaid membership, in part driven by the population expansion. The expansion recipients were not familiar with all benefits and through LogistiCare's education and outreach, they are starting to learn and access the statewide NET program. The second is the constitution of the medical provider network and the impact of additional private medical providers and programs (Adult Day Care, Disability programs, etc.) and/or the closing of rural hospitals and inpatient medical settings requiring greater demand on transportation need. Both of these create a strain on the existing transportation network that is often limited in its expansion potential, therefore LogistiCare focuses on balancing the efforts of developing new providers in the community, onboarding and growing them

while not affecting the existing network and their historically assigned volume - nor the overall quality of the service.

An important aspect of network development is in the understanding of the regulatory environment. Nevada is unique in its operational environment as it relates to transportation vendors. This challenge requires that the broker research, understand, and take into consideration the rate and provider regulatory environment. Any bidder that believes that they can come in and openly contract with providers at unilaterally desired rates, without taking into consideration the various organizations that govern permits, geographical restrictions and rates, will be financially and operationally restricted, ultimately affecting the services provided to our Medicaid recipients. Great attention has been given to developing relationships with the TSA, the taxi authority, and other government transit organizations that have legal standing. Through careful legislative change in the form of SB 401, DHCFP and this program were granted exception rights in terms of allowing LogistiCare to credential transportation companies outside of the TSA, while providing notice to the TSA of new transportation companies that would be solely used for purposes of transporting these medically fragile recipients under the NET program.

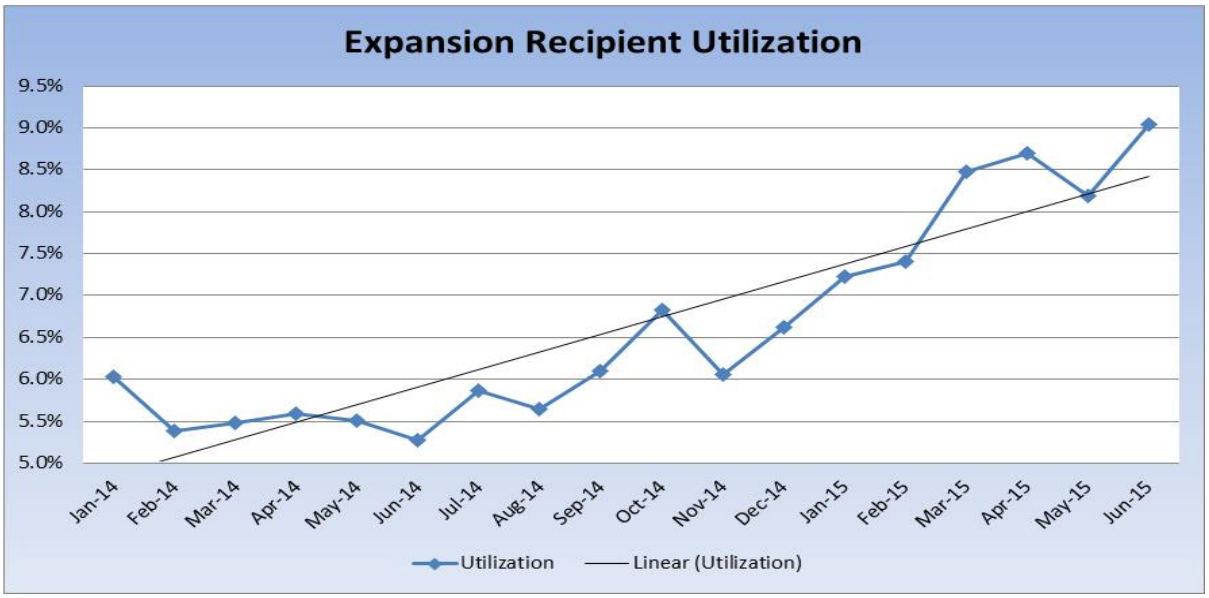
The result of this regulatory initiative was the addition of new transportation providers, greater access to transportation, and a continued reduction of Medicaid cost for the NET Program. Based on the state's current economic budget challenges, it became increasingly apparent that the DHCFP and LogistiCare would have to gather national best practices, implement new policies, and alter the expectations of many of the stakeholders. In July 2010, aggressive, yet carefully crafted policy changes were implemented with the greatest focus on the ability to assign as much public transit as possible to those recipients capable of using this service, as well as providing public transit reimbursement to those facilities, such as Adult Day Healthcare, that may be transporting their own recipients. We believe these changes have had a positive impact and our proposal is based on continuing to maximize the lowest cost alternative, public transit.

We would like to address the following cost components in an attempt to provide the key elements that contribute to our pricing.

TRANSPORTATION COST FACTORS – VOLUME AND UNIT COST.

Although we have seen an increase in actual unit cost per transport recently, we believe this is temporary and partially due to some limitation of the network resulting from increased demand, greater same day and urgent transports, and the new initiative by the CMO to identify and motivate recipients to participate in greater wellness programs. To meet the demands of the expansion population and other DHCFP initiatives impacting utilization, our focus is to grow the network. As we continue our network development efforts, we expect to experience greater coverage, greater competitive environment and a decrease to today's unit cost per transport.

In an effort to understand the most recent trip volume growth, LogistiCare took the eligibility roster and removed the ABD (Aged Blind and Disabled) and Waiver member codes in an attempt to isolate the Medicaid FFS (TANF) and expansion codes, one of which was clearly marked "Expansion Groups (XIX MAN NNEV & XIX MAN SNEV). We then trended the growth in these two groups to determine how the expansion group was affecting overall utilization and the health of the network. Please see the chart below:



The increase in the overall program utilization was further fueled by the Expansion group. As reflected above, the results have generated over ten thousand more monthly trips, a significant burden on an existing network. LogistiCare also believes that there is a lag on recipients learning about their NET benefit and therefore future increases in utilization are to be expected.

Administrative Expenses

Nevada's program requires the full range of NET brokerage management tasks, including, but not limited to:

- ***Eligibility review***
- ***Gate-keeping***
- ***Determination of the appropriate level of service***
- ***Scheduling***
- ***Routing***
- ***Assignment of work to most appropriate provider***
- ***Fraud and abuse review***
- ***Utilization review***
- ***100% reconciliation of all subcontractors' billing***
- ***Mileage determination***
- ***Prior approval authorization for any additional services such as wait time, attendants, and after hour services***

It additionally includes vehicle and driver compliance monitoring,

- ***Quality assurance and improvement review***

- ***Complaint resolution***
- ***Facility outreach***
- ***Facility monthly attendance review***
- ***Reconciliation of medical service frequency to actual transportation service frequency***

Our seasoned management staff has over 12 years of experience in Nevada and has exceled at running a high volume, statewide, quality program. As a result of this expertise, LogistiCare has chosen our Las Vegas site and its leadership as the market for expansion. We recently moved into a new facility and added up to 300 additional staff to assist with other national programs. The economic benefit to the State of Nevada is significant. DHCFP will benefit from greater economies of scale not only in supportive infrastructure cost which will now be spread out among other clients, but will also benefit from having increased operational and managerial support as well as disaster recovery resources if needed.

LOGISTICARE'S UTILIZATION MANAGEMENT EXPERIENCE

While Nevada has its own unique nuances with NET delivery requirements, LogistiCare's experience in over 150 NET capitated contracts provides us with knowledge and expertise concerning utilization rate trending and how to impact for the benefit of the program. Utilization management requires a clear understanding of covered versus non-covered services, field observation of appropriate levels of transportation, and a program for identifying occurrences of transportation to non-Medicaid services. In our experience, we have found that facilities often request NET services simply because the beneficiary is Medicaid eligible, not because the programs they are attending are covered services. This type of utilization assessment is critical in ensuring that volume (utilization) is maintained at appropriate levels, and that the appropriate funding source for the transportation service is identified.

In conjunction with our state clients, LogistiCare has implemented many different programs aimed at controlling utilization and lowering cost. This joint effort has provided budget predictability, even while Medicaid enrollments continued to grow. We specifically want DHCFP to understand this utilization stabilization does not come from denials of service, but from identifying covered versus non-covered service, adjusting level of service to the medically appropriate level, fraud and abuse reviews and investigations, trip frequency verification against medical claims frequency, and applying proper levels of service with each individual trip request.

LogistiCare's specific utilization management procedures include:

- ***Field observation of level of service being requested***
- ***Quarterly recertification with facilities of all standing orders schedules***
- ***Monthly attendance review of consumers by the facilities/social service department***
- ***Program integrity and compliance with Medicaid guideline review***
- ***Funding source verification for medical services attended***
- ***Transportation frequency versus medical claims frequency reviews***

- ***Public transit utilization***
- ***Billing / 100% verification of trip invoices***
- ***No-Show compliance management and monitoring***
- ***Review of long-distance trips/ research of closest provider guidelines – 10 miles***

These types of utilization management programs are particularly critical in a program that continues to face higher demand. Therefore, it is important to be able to substantiate every trip as being covered and appropriate. It is also critical to understand if there are new programs or expansions, such as additional medical sites approved for services (i.e. the recent mental health facilities in northern Nevada), i.e. mental health, or projected increases in privatization of children behavioral programs that could continue to drive utilization increases.

Please see our pricing Attachment Cost Proposal below:

RFP 3207

Attachment H

Non-Emergency Transportation (NET) Brokerage Services

Vendor Name: LogistiCare Solutions, LLC

Proposing vendor must use the following format for the Part II Cost Proposal.

		Supplemental Buildup Info	
Initial 2 Year Contract Term Period		Year 1 Pricing	Year 2 Pricing
Cost Per Member Per Month	$ 2.16	$ 2.14	$ 2.19
Cost per Trip	$ 16.89	$ 16.84	$ 16.94
Total Operating Cost	$ 26,906,578.92	$ 13,289,273.77	$ 13,617,305.14
Administrative Fixed Costs	$ 1,022,450.00	$ 504,992	$ 517,458
Administrative Variable Costs	$ 4,089,800.00	$ 2,019,970	$ 2,069,830
Other Costs: Provide a detail explanation			
Supplemental - Utilization Target	10.4%	10.3%	10.5%

Alternative Pricing

In the RFP, DHCFP has requested creative ways to structure this program. We are offering an alternative pricing model to allow the state to minimize the impact utilization variability has on the cost of the program. As previously discussed, we believe that utilization will eventually stabilize and through additional utilization management, we may be able to actually reduce the trend. Therefore, LogistiCare proposes an alternative pricing where we reduce our second year pricing if utilization and unit cost can be stabilized and reversed. At no time will DHCFP pay more than the $2.16 offered during this term period. We are offering below a Risk Corridor schedule (both on Utilization and Unit Cost) that would decrease the Proposed PMPM Rate based on a decrease in either utilization and or transportation cost per trip. If at the end of the first year of Operation the Utilization and transportation unit cost is less than 10.4% and $16.89, respectively or any other combination that generates a lower than quoted PMPM bid of $2.16, LogistiCare will lower its PMPM to the appropriate lower level effective July 1, 2017, the second fiscal period. Please see example below:

NV 2015 RFP - Alternative Price

		<---Average Trip Unit Cost--->									
Utilization		$ 15.00	$ 15.50	$ 16.00	$ 16.50	$ 17.00	$ 17.50	$ 18.00	$18.50	$19.00	$ 19.50
From	To	$ 15.49	$ 15.99	$ 16.49	$ 16.99	$ 17.49	$ 17.99	$ 18.49	$18.99	$19.49	$ 19.99
7.51%	8.00%	$ 1.49	$ 1.54	$ 1.58	$ 1.63	$ 1.68	$ 1.73	$ 1.78	$ 1.83	$ 1.88	$ 1.93
8.01%	8.50%	$ 1.58	$ 1.63	$ 1.69	$ 1.74	$ 1.79	$ 1.84	$ 1.89	$ 1.95	$ 2.00	$ 2.05
8.51%	9.00%	$ 1.68	$ 1.73	$ 1.79	$ 1.84	$ 1.90	$ 1.95	$ 2.01	$ 2.06	$ 2.12	
9.01%	9.50%	$ 1.77	$ 1.83	$ 1.89	$ 1.95	$ 2.01	$ 2.07	$ 2.12			
9.51%	10.00%	$ 1.87	$ 1.93	$ 1.99	$ 2.05	$ 2.12					
10.0%	10.5%	$ 1.97	$ 2.03	$ 2.10	$ 2.16						
10.51%	11.00%	$ 2.06	$ 2.13								
11.01%	11.50%	$ 2.16									
11.51%	12.00%										
12.01%	12.50%										

For example, if after the completing FY 2017, the utilization decreased between 9.51 and 10% but unit cost increases slightly to $17 to $17.49, the corresponding PMPM would result in $2.12 a reduction for FY 2018. This alternate pricing is being offered only if LogistiCare is able to reduce the projected PMPM of $2.16 based on improvement in either utilization and or unit cost.

Example - Setting Fiscal Year 2018 PMPM

	From Utilization-Unit Cost Matrix				
	Utilization Range (Based on FY 2017 Average)		Avg Trip Unit Cost Range (FY 2017 Actual Experience)		FY 2018 PMPM
FY 2018	9.51%	10.00%	$ 17.00	$ 17.49	*$ 2.12*

CLOSING SUMMARY

The attraction of a broker model is in achieving the long-term benefits of being able to provide budget predictability while improving access (greater trip volume) and decreasing and or stabilizing future program cost. LogistiCare's strength should be measured not only from day one savings, but also in maintaining costs over time. In many state operations, we currently manage NET programs with the same State expenditures from three or four years ago. This has also been the case in State of Nevada. This is a clear indication that we are committed to paying our subcontractors what is appropriate in our quest for delivering the highest quality services, while continuing to negotiate for better rates.

We know there is no other broker with as much experience as LogistiCare in successfully managing the financial risks of NET brokerage programs. We feel that our recruitment of employees with backgrounds in capitated environments, such as hospital administration, physician practice management, social service, and compliance services differentiates our company from others in this field. Our sole focus on managing rather than doing transportation is also reflected in the unique capabilities of our LogistiCAD program management software system, which was purpose-built to manage and integrate all aspects of the NET service.

With many third party stakeholders relying on this NET program to successfully meet the needs of the Medicaid population; our day-to-day operational management goes well beyond simply managing a call center. The NET program is a comprehensive undertaking that requires a focus on efficiency and quality in all aspects of delivery. The LogistiCare approach to network management combines support with oversight to include a mileage review program, financial assistance for network providers with insurance and other operational needs, public transit identification, no cost routing software and driver/vehicle compliance reporting. An on-going focus on utilization management and gate keeping, to react to continuing changes in the healthcare delivery system, is needed to maintain the efficiency of the program. Equally important is the need to continually upgrade and invest in the human services to manage the program, as well as continuing to develop and upgrade software programs to provide quality data with a quick turnaround for our clients.

LogistiCare stands ready to support the State of Nevada with our innovations and the program performance to which our clients can attest. In today's environment, there is more cost exposure in risking a transition to an ineffective contractor than there is in partnering with a trusted vendor and driving significant economic value back to the state that through program changes can deliver value added quality to your program.

TAB III: ATTACHMENT I, COST PROPOSAL CERTIFICATION OF COMPLIANCE WITH TERMS AND CONDITIONS OF RFP

ATTACHMENT I – COST PROPOSAL CERTIFICATION OF COMPLIANCE WITH TERMS AND CONDITIONS OF RFP

I have read, understand and agree to comply with ***all*** 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.

If the exception and/or assumption require a change in the terms in any section of the RFP, the contract, or any incorporated documents, vendors ***must*** provide the specific language that is being proposed in the tables below. If vendors do not specify in detail any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations. ***Note: Only cost exceptions and/or assumptions should be identified on this attachment. Do not restate the technical exceptions and/or assumptions on this attachment.***

LogistiCare Solutions, LLC
Company Name

Signature

Albert Cortina
Print Name

October 6, 2015
Date

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

EXCEPTION SUMMARY FORM

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

ASSUMPTION SUMMARY FORM

ASSUMPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be identified)
1	Attachment H	Attachment H	Total Operating Cost - Assumed that this should represent Total Program Cost (both transportation and Administrative) for the first 2 year period. LGTC has also provided additional information reflecting this Total Program Cost for Year 1 &2
2	Attachment H	Attachment H	Assumed average Membership of 519,031 for Total Operating Cost

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