



Proposal for

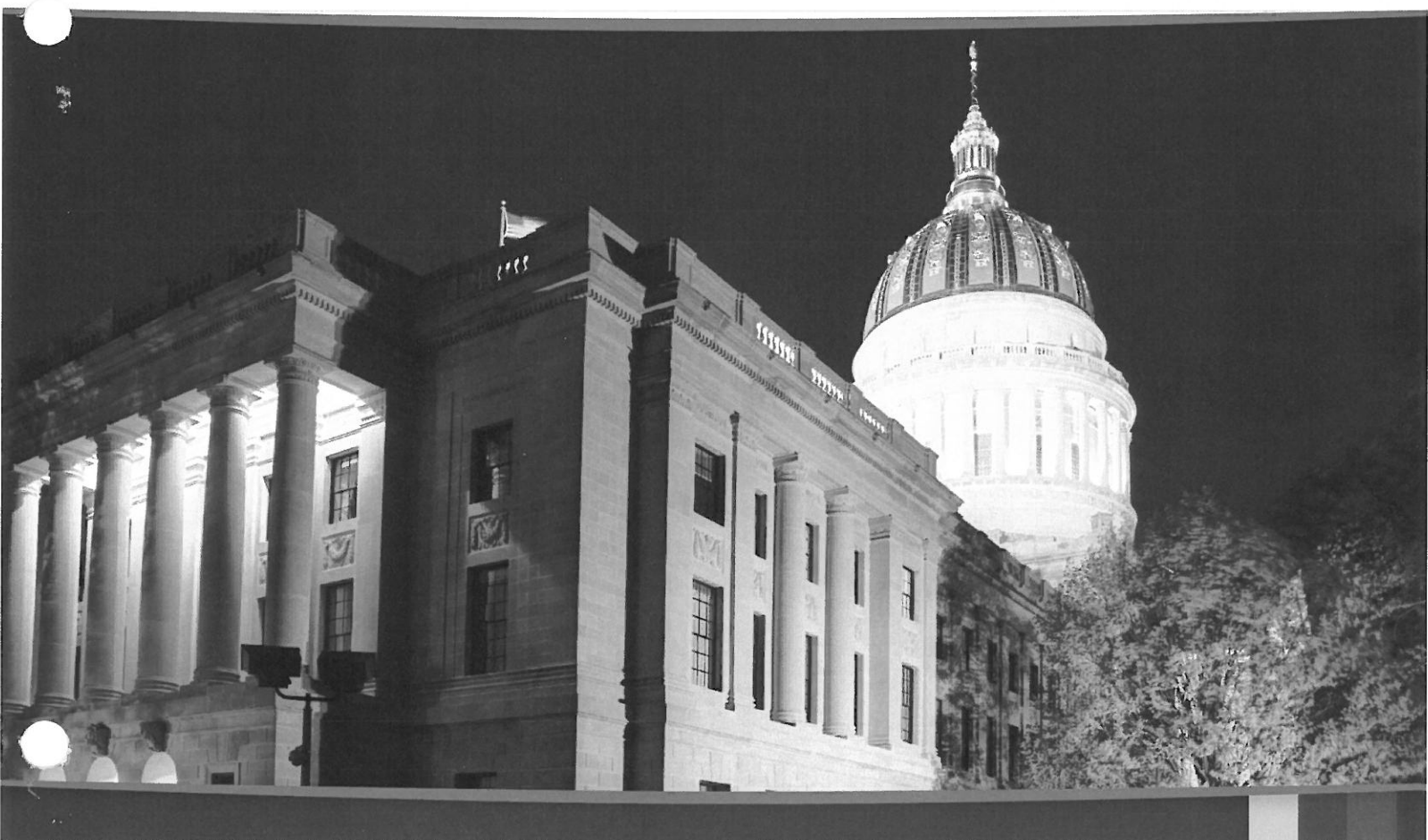
The State of West Virginia
Department of Health and Human Resources
Bureau for Medical Services

Non-Emergency Medical Transportation (NEMT) Program

RFP #BMS14054

Cost Proposal

ORIGINAL



Pricing Narrative

The Bureau for Medical Services (BMS) wisely seeks a broker for the provision of non-emergency medical transportation (NEMT) services to West Virginia Medicaid Members. The selected contractor for this program must have the proven experience, processes, and staff to implement a capitated NEMT program that ensures access to healthcare for Members throughout West Virginia. MTM is pleased to present a cost proposal reflective of BMS's goals and the requirements indicated within the RFP one addendum.

As an industry-leading NEMT broker, MTM relied on our experience managing and developing pricing proposals for current programs of similar size and scope in Wisconsin, Texas, the District of Columbia, and Minnesota, as well as our past operations for statewide Medicaid NEMT contracts, to generate appropriate, realistic per member per month (PMPM) rates. Since MTM is an experienced broker, BMS is ensured of our ability to realistically price this contract for successful execution and operation. Other bidders who may not be as qualified or have experience executing capitated programs could run into financial problems in the program's future, ultimately decreasing Member access to necessary services and sacrificing program quality. In addition, while an aggressively priced cost proposal may be enticing to BMS, brokers may intentionally or unintentionally underbid, forcing a rate increase further into the life of the contract. Most recently in Wisconsin and South Carolina, NEMT vendors underbid and were unable to operate the programs at the contracted cost. This resulted in the vendors walking away from the contracts before the terms had expired, causing many issues for the states who had to prematurely rebid NEMT services. Maine is currently facing similar problems because the awarded vendors were not prepared to successfully operate the program within the RFP requirements and at the pricing originally submitted.

With MTM, BMS can remain worry-free about our ability to provide the highest level of quality services at our proposed rate. We pride ourselves on increasing Member access to the NEMT benefit while appropriately containing costs. BMS can look forward to benefitting from our streamlined, efficient processes to provide more trips while containing overall program costs.

Assumptions

MTM developed our cost proposal based upon our broad experience developing and administering capitated PMPM contracts for a variety of state, regional, county, and managed care organization bids. In developing our cost proposal we relied upon the data provided by BMS during the question and answer period. We encountered difficulty in reconciling the data as one data set appeared to include single trip legs and the other data set included round trip information. Also, the data set accounting for the largest volume of transportation costs did not include mileage information. As a result, we relied upon our own internal data and experience to deliver a reasonable cost proposal to BMS.

Specifically, we assumed the utilization rate to be 22%. While this percentage is higher than the utilization rate determined using the data sets provided in the answers to questions, it tracks closely to other similar programs offering similar services that we have or are currently managing, see **Figure 1**. The Wisconsin, South Carolina, and Kansas NEMT programs all offered transportation services to adult daycare and mental health, similar to the West Virginia program. If transportation services for these populations are covered by another program, we will be happy to revise our pricing accordingly as these groups significantly drive the overall utilization rate.

Utilization	
Plan/Client	Utilization
West Virginia – Projected	22%
Wisconsin	22%
Kansas	24%
South Carolina	21%

Figure 1: Utilization Rates. MTM used internal data from similar state Medicaid NEMT programs to estimate West Virginia’s utilization rate.

In developing our pricing, we also had to rely on internal historical data to project the mix between transportation modes. Once again, we relied on information from similar contracts, focusing on those with similar urban/rural ratios and service offerings. We then assumed that through our processes for appropriate mode assignment, we could achieve a shift in usage towards lower cost modes of transportation. We also assumed that we will achieve savings through our thorough reconciliation and claims processing services. With this process, we are consistently able to save our clients program dollars by verifying transportation occurred prior to payment to the NEMT provider, thereby reducing fraud and ensuring we only paid for services actually rendered to Members.

As a value-add that can give BMS confidence in our pricing, we can offer a rebate for this program. With this option, BMS will receive a rebate in accordance with the profits we gain, ensuring MTM is not overpaid for our services. If our assumptions outlined above are inaccurate, this structure will allow BMS to recover spent funds, ensuring a successful program. At the conclusion of each annual period, MTM will rebate to BMS anything over our pre-tax profit of 7.5%. This rebate structure is very similar to the model we currently have in place for our Houston, Texas NEMT contract and has proven to be a very successful tool in aligning incentives.

MTM will report net income annually to BMS, with the computed rebate being paid within 120 days subsequent to the end of the contract period. For purposes of computing the rebate, losses, if any, in one year will be carried forward to subsequent fiscal years. As an example, if MTM experienced losses in Year One, those losses would be deducted from earnings in Year Two before making the Year Two computation.

Closing Summary

In the following pages, MTM has completed the required Attachment C of our cost proposal. BMS is assured that this is our best estimate to provide NEMT services given the data provided during the RFP process, as well as our assumptions regarding utilization, mileage, and transportation mode mix. Should BMS review our proposal and provide us with additional data or more complete data sets, we would be more than willing to refine our pricing.

The program we propose will ensure that BMS remains compliant with all CMS regulations and will safeguard federal matching funds throughout the life of this contract. The pricing is based on realistic and sustainable rates for transportation providers. Using our proven model we will smoothly implement this program to the satisfaction of all stakeholders and move West Virginia forward in providing access to its Medicaid members.

As detailed throughout our proposal, MTM offers BMS the highest level of quality services available in the NEMT brokerage industry. With our efficient systems and processes, BMS will receive cost containment while increasing service quality levels and providing Members with greater access to their important medical services. MTM looks forward to working closely with BMS in the future to manage its NEMT program, contain costs, and achieve its goals, while keeping its Members' needs at the forefront at all times.

REQUEST FOR PROPOSAL

Department of Health and Human Resources
Bureau for Medical Services
RFP # BMS14054

Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

Vendors are to use their business expertise in pricing the work described in this RFP, taking into consideration any intervening steps or activities that must be performed in order to complete the work and offer their rates accordingly, even if BMS does not explicitly identify those intervening steps or activities in this RFP.

Implementation Cost (All Inclusive)			
Expense			Cost
1. Staffing			\$ 201,595.94
2. Computer, including Software			\$ 2,500.00
3. Telephone/Communications			\$ 11,167.53
4. Facilities			\$ 6,825.00
5. Consulting Services			\$ --
6. Other (detail on separate page)			\$ 290,899.05
Total Implementation Cost¹ (Sum of Expense Costs.)			\$ 512,987.52
Operations Cost			
Contract Year	Estimated Participant Population ²	Per Member Per Month Rate	Cost
SFY2014 (July 2013 – June 2014)	483,000	\$ 5.40 x 12	\$ 31,289,936.34
SFY2015 (July 2014 – June 2015) Optional Renewal Year	500,000	\$ 5.39 x 12	\$ 32,345,080.07
SFY2016 (July 2015 – June 2016) Optional Renewal Year	510,000	\$ 5.43 x 12	\$ 33,229,745.16
Total Operations Cost³ (Sum of Operations Costs for all Contract Years.)			\$ 96,864,761.57
Total Not to Exceed Cost of Contract ⁴ (See Notes Page)			
Total Not to Exceed Cost of Contract (Sum of Total Implementation Cost and Total Operations Cost)			\$ 97,377,749.09



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Solicitation

NUMBER
BMS14054

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
ROBERTA WAGNER 304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

Medical Transportation Management, Inc.
 16 Hawk Ridge Drive
 Lake St. Louis, MO 63367

VENDOR

HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 ROOM 251
 350 CAPITOL STREET
 CHARLESTON, WV
 25301-3709 304-558-1737

SHIP TO

DATE PRINTED
10/24/2013

BID OPENING DATE: 12/03/2013

BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
REQUEST FOR PROPOSAL (RFP)						
THE WEST VIRGINIA DIVISION OF PURCHASING IS SOLICITING PROPOSALS TO PROVIDE A FULL-RISK CAPITATION BROKER TO DIRECTLY COORDINATE A STATEWIDE NON-EMERGENCY MEDICAL TRANSPORT (NEMT) PROGRAM FOR THE DEPARTMENT OF HEALTH AND HUMAN RESOURCES, BUREAU FOR MEDICAL SERVICES, (BMS), PER THE ATTACHED SPECIFICATIONS.						
0001	1	EA		948-55		
				IMPLEMENTATION COST		
0002	1	EA		948-55		\$201,595.94*
				STAFFING		
0003	1	EA		948-55		\$2,500.00*
				COMPUTER, INCLUDING SOFTWARE		

*Please see attached for detailed breakdown.

SIGNATURE	<i>Glenn Nacia</i>	TELEPHONE	636-561-5686	DATE	12/5/13
TITLE	President and CEO	FEIN	43-1719762	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO SOLICITATION, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELLED 'VENDOR'



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 Department of Administration
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0004	1	EA		948-55		\$11,167.53*
				TELEPHONE/COMMUNICATIONS		
0005	1	EA		948-55		\$6,825.00*
				FACILITIES		
0006	1	EA		948-55		--
				CONSULTING SERVICES		
0007	1	EA		948-55		
				OTHER		
0008	483,000	EA		948-55		\$290,899.05
				OPERATIONS COST		

*Please see attached for detailed breakdown.

SIGNATURE <i>Glenna Nozias</i>	TELEPHONE 636-561-5686	DATE 12/5/13
TITLE President and CEO	FEIN 43-1719762	ADDRESS CHANGES TO BE NOTED ABOVE

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804-558-0067

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 16 Hawk Ridge Drive
 Lake St. Louis, MO 63367

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0009	483,000	EA		948-55		\$31,289,936.34
	SFY2014 (JULY 2013 - JUNE 2014)					
0010	500,000	EA		948-55		\$32,345,080.07
	SFY2015 (JULY 2014 - JUNE 2015) OPTION RENEWAL					
0011	510,000	EA		948-55		\$33,229,745.16
	SFY2016 (JULY 2015 - JUNE 2016) OPTIONAL RENEWAL					
***** THIS IS THE END OF RFQ BMS14054 ***** TOTAL:						\$97,377,749.09

SIGNATURE <i>Glaina Noxia</i>	TELEPHONE 636-561-5686	DATE 12/5/13
TITLE President and CEO	FEIN 43-1719762	ADDRESS CHANGES TO BE NOTED ABOVE

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**Medical Transportation Management, Inc.
Summary of Implementation Cost Budget**

	Implementation Cost
1. Staffing	201,595.94
Payroll - Admin	149,277.38
Payroll taxes	21,869.14
Group health insurance	8,210.26
Group life & LTD insurance	373.19
Short term disability ins	373.19
ER 401k contributions	1,492.77
Advertising/Recruiting	20,000.00
Contract labor	-
Employee educ & training	-
Employee incentives	-
Dues and subscriptions	-
Employee educ & training	-
Employee incentives	-
2. Computer, including Software	2,500.00
Computer licenses	-
Computer programming	2,500.00
AS400	-
Systems support	-
Purchased software	-
Misc Comp Supp & Equip	-
3. Telephone/Communications	11,167.53
Call ctr phone exp	9,542.95
Cell phones	135.00
Telephone	1,489.58
4. Facilities	6,825.00
Cleaning Services	990.00
Equipment rental	2,500.00
Licenses and permits	-
Gas and electric	1,485.00
Building R & M	-
Internet Connections	1,500.00
Data Network	350.00
5. Consulting Services	-
Consulting	-
Legal fees	-
Marketing consulting fees	-
6. Other (detail on separate page)	290,899.05
Office supplies	-
Postage and delivery	-
Franchise Taxes: ADMN	-
Printing and reproduction	152,802.88
Rent	9,900.00
Entertainment	-
Lodging	20,000.00
Meals	7,500.00
Mileage reimbursement	9,000.00
Travel / Air Fare / Auto rental	20,000.00
Shared operations allocation	37,429.41
Overhead allocation	34,266.76
Capital equipment and improvements	0
Total Implementation Cost	512,987.52