

## Cost Proposal Narrative

The Rhode Island Executive Office of Health & Human Services (EOHHS) seeks a broker for the Rhode Island Non-Emergency Medical Transportation (NEMT) program with proven experience, processes, and staff to implement a capitated NEMT program that ensures access to healthcare for recipients throughout Rhode Island. MTM is pleased to present a cost proposal reflective of EOHHS' goals and the requirements indicated within the Request for Proposal (RFP) and amendments.

As an industry-leading NEMT broker, MTM relied on our experience managing and developing pricing for programs similar in size and scope in Wisconsin, Nevada, Texas, the District of Columbia, Mississippi, West Virginia, and Minnesota to generate appropriate, realistic rates. Our experience gives EOHHS confidence in our ability to realistically price this contract for success. 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 recipient access to necessary services and sacrificing program quality. With MTM, EOHHS can remain worry-free about our ability to provide the highest level of quality services at our proposed rate. We pride ourselves on increasing recipient access to the NEMT benefit while appropriately containing costs.

### Pricing Detail

In developing our cost proposal, we relied upon data provided by EOHHS in the RFP, as well as our own internal data and experience. We made the following assumptions in developing our proposed PMPM rates:

- The pricing for the Medicaid population (Children, Adults, and Aged) reflects a combined 7.99% reduction from the rates proposed in Exhibit 1 – *Capitation Rates and Annual Transportation Costs, by Program and Contract Period*. The factors identified below are driving the projected savings.
  - MTM used the cost ratio presented in Exhibit 4 – *NEMT Capitation Rates Development – Calculation of Cost Ratio* to derive the individual population PMPMs after calculating an aggregate PMPM of \$7.30 for all populations.
  - Per Exhibit 3a – *NEMT Capitation Rates*, the transportation PMPM for period 7/1/2017 to 12/31/2017 is calculated at \$6.07. This figure does not align with the data presented in Exhibit 4 – *NEMT Capitation Rates Development – Calculation of Cost Ratio* where the SFY 2018 transportation PMPM is calculated to be \$5.51, or using Attachment 1 – *Historical Claims and Enrollment Activity by Month* for the first half of SFY2018, where transportation PMPM is presented as \$5.67 after the

addition of \$50,000 per month related to public transit passes. MTM believes Exhibit 3a - *NEMT Capitation Rates*, which is what the State used as a base to build its first contract period rates, is inflated, and therefore we used Attachment 1 – *Historical Claims and Enrollment Activity by Month* and some additional contingencies to derive our transportation PMPM rate.

- We do not believe the growth in trips will be as pronounced as the *Utilization per 1000* factor is showing in Exhibit 3a – *NEMT Capitation Rates*, based on the following two observations:
  - Growth in the Public Motor Vehicle category was the result of a significant one-time shift in volume from the Taxi category. We do not believe this growth will continue in out years of the contract.
  - Per Attachment 4 – *Mass Transit Experience*, there was a significant increase in the number of monthly public transit passes distributed between the first part of SFY2017 and the latter part of the same fiscal year. This growth slowed in SFY2018. Although we calculated a 34% growth in public transit trips between SFY2017 and SFY2018, we believe growth in cost will slow down as more recipients are shifted to monthly public transit passes. The monthly pass contributes to program savings as recipients with recurring trips receive unlimited transports for a set monthly fee.
- In addition to transportation savings, MTM will achieve cost savings by employing work from home Customer Care Representatives (CCRs) to field calls from Rhode Island recipients. This model allows us to reduce facility and utilities costs while gaining efficiencies through higher productivity.
- The Elderly Transportation Program (ETP) pricing is based on the transportation costs proposed in Exhibit 5 – *ETP Proposed Monthly Payment* with the addition of 15% for administrative costs. MTM assumed 5% savings on administrative costs as we will be able to leverage the resources used to provide NEMT for the larger Medicaid population. We assumed the call data provided for 2016 and 2017 included all populations (ETP and Medicaid).
- MTM relied on the growth projections provided in Exhibit 1 - *Capitation Rates and Annual Transportation Costs, by Program and Contract Period* to determine rates for Contract Periods 2 and 3. Specifically, we used the following growth rates:
  - Medicaid: Contract Period 2 – 4.8%, Contract Period 3 – 3.2%
  - ETP: Contract Period 2 – 4.8%, Contract Period 3 – 2.9%

### **Closing Summary**

On the following page, MTM provided the Appendix X – *Pricing Structure and Experience* form. We used the optional chart EOHHS provided in response to Question 58 of Amendment Three, updating the ceiling to match the figures shown in Appendix X – *Pricing Structure and Experience* of the RFP for each year of the initial contract term and adding our proposed PMPM and monthly rates.

As detailed throughout our proposal, MTM offers EOHHS the highest level of quality services available in the NEMT brokerage industry. With our technology-forward approach and established processes, EOHHS will experience contained cost and increased service quality. MTM looks forward to establishing a lasting relationship with EOHHS and its stakeholders throughout Rhode Island.

**APPENDIX X. PRICING STRUCTURE AND EXPERIENCE**

Please be advised that this represents the ceiling for rates. Bidder can propose additional payment methodologies at the same rate or lower rate than the rates described herein.

Bidder must acknowledge and attest to identified pricing structure or submit a cost proposal that does not exceed the maximum limit set in the pricing structure.

**Contract Period 1: January 1, 2019- June 30, 2020**

Medicaid/Non	Program	PMPM	Monthly rate	Ceiling
Medicaid	Children	\$ 1.17	N/A	\$1.24
Medicaid	Adults	\$ 8.83	N/A	\$9.52
Medicaid	Aged	\$ 29.48	N/A	\$31.77
Non-Medicaid	RI TANF Only	\$ 82.25	N/A	\$82.25
Non-Medicaid	Elderly Transportat	N/A	\$ 314,000	\$334,000.00

**Contract Period 2: July 1, 2020- June 30, 2021**

Medicaid/Non	Program	PMPM	Monthly rate	Ceiling
Medicaid	Children	\$ 1.22	N/A	\$1.30
Medicaid	Adults	\$ 9.26	N/A	\$9.98
Medicaid	Aged	\$ 30.91	N/A	\$33.31
Non-Medicaid	RI TANF Only	\$ 82.25	N/A	\$82.25
Non-Medicaid	Elderly Transportat	N/A	\$ 330,000	\$350,000.00

**Contract Period 3: July 1, 2021- June 30, 2022**

Medicaid/Non	Program	PMPM	Monthly rate	Ceiling
Medicaid	Children	\$ 1.26	N/A	\$1.34
Medicaid	Adults	\$ 9.55	N/A	\$10.30
Medicaid	Aged	\$ 31.89	N/A	\$34.37
Non-Medicaid	RI TANF Only	\$ 82.25	N/A	\$82.25
Non-Medicaid	Elderly Transportat	N/A	\$ 340,000	\$360,000.00

**Pricing Structure Attestation**

Signature Alaina Maciá Date 5/11/18

Print Name Alaina Maciá

Print Title President and CEO