

**Program Brief: Non-Emergency Medical Transportation
August 2017**

The incoming administration should ensure quality non-emergency medical transportation for Medicaid beneficiaries. Evidence shows that access to reliable and quality transportation improves health outcomes and reduces the use of emergency services and costs. A 2016 federal audit found that the New Jersey non-emergency medical transportation program did not meet State requirements, were of poor quality, and was overpaid.

Executive Summary

- New Jersey’s next governor must pay attention to non-emergency medical transportation (NEMT) for patients with complex health and social needs.* Patients with complex health and social needs depend on reliable NEMT services to access necessary and appropriate health care services. Evidence shows that access to reliable and quality transportation improves health outcomes and reduces the use of emergency services and costs.²
- New Jersey (NJ) pays approximately \$165 million to LogistiCare, the NEMT broker in the state, for services each year.⁸
- The Office of Inspector General (OIG) from the United State Department of Health and Human Services released an audit in 2016 concluding that the NEMT services in NJ are inefficient and of poor quality.⁸ The state also overpaid LogistiCare \$20.8 million.¹¹
- The procurement process for the NJ NEMT contract highlights concerns about the state’s Medicaid department’s capacity to actively oversee, hold accountable, and enforce, complicated, comprehensive, and expensive contracts that seriously impact the health and well-being of some of our state’s most vulnerable patients, as well as state finances.
- NJ awarded LogistiCare a renewed NEMT contract in July 2017. Given how essential NEMT is to the health and well-being of Medicaid beneficiaries who rely on NEMT services, as well as the financial well-being of New Jersey’s Medicaid program, the next administration will need to more prudently manage and oversee the NEMT contract.

I. Introduction: The Importance of Non-Emergency Medical Transportation

Non-emergency medical transportation (NEMT) is a required Medicaid service that provides transportation to health care appointments for Medicaid beneficiaries. Evidence shows that access to reliable and quality transportation improves health outcomes and reduces the use of emergency services and costs. Further, unreliable transportation is a significant barrier to accessing basic health care for many Medicaid beneficiaries, and even more detrimental for low-income patients with complex health and social needs. Low-income individuals often lack

* Patients with complex health and social needs: a relatively small patient population for whom the current health system is ill-equipped to meet the myriad of interrelated medical, behavioral, and social challenges they may face including those often considered ‘non-medical’ such as addiction, housing, hunger, and mental health. They often experience poorer outcomes despite extreme patterns of hospitalization or emergency care.¹

money for a working automobile, or lack access to public transit,² exacerbating the fact that they also disproportionately suffer from chronic health conditions.¹⁰ The inability to access health care appointments, plus poorer than average health, has been found to cause chronic conditions to worsen, and sometimes results in an increased use of emergency medical services.¹⁰ Annually, about 3.6 million Medicaid beneficiaries miss or are forced to delay a medical appointment due to transportation issues.²

Nationally, NEMT costs \$3 billion a year between federal and state funding, which is less than one percent of total Medicaid expenditures. Without NEMT, however, it is estimated that emergency services are misused, costing the system 15 times more than the cost of routine transportation. In addition, the Kaiser Family Foundation reported that improved access to NEMT services resulted in cost-savings for 12 medical conditions including heart disease, asthma, and diabetes.³ One study conducted by Florida State University found that even if only one percent of NEMT-covered rides deterred the use of emergency services in Florida, the state would save approximately \$11.08 for each dollar annually invested in NEMT.² No-shows at health care appointments, due to poor NEMT services, also lead to financial losses for providers through no-show rates.

II. Background: The History of Non-Emergency Medical Transportation

When NEMT was first established, the federal government wrote that “without transportation, the entire goal of a State Medicaid program is inhibited at the start.” NEMT benefits date back to the Social Security Amendment Act of 1965, which mandates that states receiving Medicaid funding must include a “provision for assuring transportation of recipients to and from providers of services.” This service is now called non-emergency medical transportation. By 2005, the federal government began offering states flexibility on how to administer NEMT, and as a result, many states elected to use third-party brokers to arrange the NEMT services in their state. Most often, the brokers sub-contract with a network of transportation providers, or coordinate transportation themselves for a capitated payment; few states chose to deliver NEMT directly through a fee-for-service payment structure.⁴

III. NEMT in New Jersey

Historically, NJ relied on local and county providers to operate NEMT benefits for Medicaid patients and were paid on a fee-for-service basis. In 2009, the state hired a third-party broker, LogistiCare, to provide NEMT across New Jersey. LogistiCare is an Atlanta-based NEMT company and operates in over 40 states. LogistiCare arranges rides with local vendors across New Jersey, runs background checks on drivers, and is the one call center to coordinate rides for all 1.5 million NJ Medicaid beneficiaries. In 2012, LogistiCare was managing approximately 4.5 million trips a year; after NJ expanded Medicaid, ridership increased to as many as 6 million rides a year by 2015.⁵

LogistiCare originally signed a five-year, \$165 million contract with NJ Medicaid that was scheduled to end in 2014, but this contract has been extended seven times. In July 2017, LogistiCare was awarded a new long-term NEMT contract.

A. Problems with LogistiCare

Despite LogistiCare’s experience working across the country, as well as the various contract extensions in New Jersey, for years NEMT-dependent Medicaid beneficiaries and providers have argued that LogistiCare fails to provide adequate or quality services to patients. Rides that fail to arrive, pick-ups so late that health care appointments are subsequently canceled, patients abandoned at the doctor’s office, poor driving and safety concerns, sexual harassment, rude treatment, and inappropriate vehicles for certain medical conditions are just some of the complaints filed by patients, providers, and advocates. Health care providers in Camden note that oftentimes elderly and disabled patients walk multiples miles to appointments as their NEMT ride never arrives, and one patient said that she once waited for five hours with a NEMT representative assuring her that her ride was “just around the corner” every half hour.⁶ A survey conducted by the Mental Health Association in New Jersey found that over half of NEMT beneficiaries (311 surveyed in total) reported that they had been late or missed an appointment with their health care provider due to LogistiCare services, and one in four reported that they no longer even bother to use the service.⁷ In addition, local vendors have complained of difficult and insufficient payment structures.

B. NEMT Quality Issues in NJ: A Federal Audit

A federal audit of the New Jersey NEMT program validated the complaints compiled by patients, providers, and advocates across the state. The Office of Inspector General (OIG) from the United States Department of Health and Human Services began selecting States for NEMT-auditing in 2006 after the OIG recognized that this area of Medicaid is susceptible to “fraud, waste, and abuse.” In July 2016, the OIG released a report on the NJ NEMT program and concluded that the state did not adequately oversee its Medicaid NEMT program. The audit sampled 100 LogistiCare claims and found that the state did not ensure that federal provisions were met. Specifically, the report stated:

- 1. Transportation vehicles used to transport Medicaid beneficiaries did not always meet State requirements.**
- 2. Transport personnel were not guaranteed to be licensed and qualified.**
- 3. Prior authorizations were not always obtained and medical necessity documentation was not always maintained for beneficiaries who required certain transportation services.**
- 4. Transportation providers did not always maintain required insurance coverages.**
- 5. Beneficiaries did not always receive Medicaid-eligible medical services on the date of transportation.**
- 6. NEMT services were not always adequately documented.⁸**

Further, the OIG audit reported:

On the basis of our sample results, we estimated that 2,538,674 claims totaling \$64,758,476, for which LogistiCare reimbursed transportation providers, did not comply with certain contract provisions and State requirements. In addition, we estimated that 480,290 claims totaling \$11,317,681 for services during the same period may not have complied with contract provisions and State requirements.⁸

The OIG report substantiated the claims that patients, providers, and advocates across New Jersey have been stating for years; the current state of the NJ NEMT program is inadequate, which negatively impacts the health of the state's most vulnerable residents. In addition, the report highlighted the millions of dollars being fraudulently paid to LogistiCare for substandard rides, or rides that may never have even taken place.

In addition, the NJ Office of the State Auditor found that the Division of Medical Assistance and Health Services could have paid \$20.8 less for NEMT services.¹¹

C. NEMT Advocacy: Request for Proposal

In 2014, the state requested public comments on its draft request for NEMT contracts. The Camden Coalition of Healthcare Providers, along with Camden Churches Organized for People, and Faith in New Jersey, collected data, hosted community and state-level meetings, raised awareness of issues with NEMT, and submitted recommendations towards the new contract. Four of the seven recommendations were incorporated into the new contract, including: GPS tracking and data capture systems in 90 percent of the contractor's vehicles; documenting and resolving patient complaints in a standardized and robust manner; lowering 'will call' wait time from 90 to 60 minutes; and contacting ride beneficiaries a day ahead of time to confirm pickup time and location. These recommendations will hopefully improve a service that brings some of the sickest and most vulnerable individuals in New Jersey to and from medical appointments and services like chemotherapy and dialysis.

IV. Preliminary Recommendations

Given that LogistiCare was awarded the new contract in July 2017 despite its abysmal track record, it is vital to the health and well-being of Medicaid beneficiaries who rely on NEMT services, as well as the financial well-being of New Jersey's Medicaid program, to more prudently manage and oversee the NEMT contract. In order to develop a statewide approach to support improved NEMT in New Jersey, we need strong state leadership, commitment, and support to:

- Improve quality standards and create stricter penalties for poor performance.⁹
- Partner with consumers and consumer representatives to actively monitor NEMT to ensure recipients receive timely, appropriate, and safe NEMT services.⁹
- Require transparent data collection from contractors to monitor effectiveness and quality of NEMT services.⁹

- Create and market a transparent consumer complaint reporting system and openly share the data with stakeholders (e.g., providers, provider organizations, patients, consumer advocates).⁹
- Improve contract oversight alignment between the Department of Human Services Division of Medicaid Assistance and Human Services and the Department of Treasury Division of Purchase and Property.

Endnotes

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