



## WISCONSIN LEGISLATURE

P.O. BOX 8952 • MADISON, WI 53708

January 2, 2013

Dear Joint Legislative Audit Committee Co-Chairs,

We are writing to you again asking you as Co-Chairs of the Joint Legislative Audit Committee to schedule a meeting of the Committee to include the topic of the Medical Assistance (MA) Non-Emergency Medical Transportation (NEMT) program. More than three months ago 51 legislators sent a letter requesting an audit of this program; several developments since that time have led us to reiterate our request, asking that the Legislative Audit Committee direct the Legislative Audit Bureau to conduct a full audit of the NEMT program, including both contracts for brokerage.

We initially requested that the Committee direct the Audit Bureau to conduct an audit of this program due to the many concerns and complaints that were shared with us by our constituents, aging and disability advocates, transit advocates, and by users and providers of NEMT services. Since our initial request this issue and this program has changed significantly. Firstly, we have seen an increase in problems arising from the expansion of the program into Southeast Wisconsin. Complaints continue to remain high after the inclusion of the HMO counties into the Statewide Program under LogistiCare. Secondly, the questions and concerns that were raised in our previous letter have not been sufficiently addressed by the Department of Health Services' (DHS) response on November 16<sup>th</sup> to your letter of inquiry to the Department dated October 17, 2012. Additionally, On November 21, 2012 DHS released a letter and press release stating that LogistiCare would be terminating their contract with the state to provide NEMT services, effective February 17, 2013. Lastly, since the announcement of LogistiCare's intent to terminate the contract, emails from DHS to transportation providers, obtained by the Milwaukee Journal Sentinel state: "The Department of Health Services... will be releasing a new (request for proposals) and LogistiCare, along with others, will be competing for the work." LogistiCare has severed its contract with the intent to bid on the new contract at a much greater rate, for the sole purpose of increasing the amount that they will be paid by the State.

In the letter sent by the CEO of LogistiCare, Howard Schwarz, announcing the termination of the contract, he blames the State and the Department for failing to provide utilization data on the program. In the 2007-2009 Biennial Budget, the Department was directed to collect the utilization data for common carrier transportation services. At the time, common carrier transportation services were considered Medical Assistance (MA) administration costs, which are matched by federal funds at 50%, but if data was collected from the Counties and the Tribes who were operating the services the State could have received an increase in federal matching funds. Unfortunately, the Department did not collect the data that was required and in the 2009-2011 Biennial Budget the requirement for a statewide MA Transportation Manager was put into law.

CC: Members of Joint Legislative Audit Committee

Despite the fact that the company operating the contract, LogistiCare is backing out of the contract, the Legislature needs to know what was going on with the company and perhaps more importantly with the Department of Health Services. The law has not changed and the next Request for a Proposal (RFP) will be put forth by the Department in the coming weeks. We need to make sure that the Department is acting in good faith, providing valid information so that we do not have another situation where a contracted company feels forced to terminate their contract with the State.

We are very concerned not only by LogistiCare's operation and administration of the NEMT contract in Wisconsin, but also by the way the Department of Health Services has overseen the process. It is deeply concerning that not only did the Department fail to provide accurate information in the RFP and contract negotiations, but that it failed to ensure that the company was providing the Citizens of Wisconsin and those who utilize these transportation services with the best service possible. We hope that you take this renewed request for an audit and the recent developments into consideration as we move forward on this issue and as the Department submits a new RFP. We need to make sure that the same mistakes on both sides do not occur in the future.

Sincerely,

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