

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton</i>	DATE <i>11-22-13</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000181</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>CC: Mr. Heck, Host</i> <i>Cleared 1/17/14, letter attached</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>12-5-13</i>  <input type="checkbox"/> FOIA DATE DUE _____  <input type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

**RECEIVED**

NOV 21 2013

Director Anthony Keck  
Health and Human Services  
P.O. Box 8206  
Columbia, SC 29202

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

November 14, 2013

Dear Director Keck:

I trust this letter finds you well. I believe the last time we saw each other you were experiencing "the parent waiting for the child to get in/choose their college" process. I hope it turned out well for you. I am going through it again and do not find it anymore entertaining the second time around!

I am reaching out to you as a follow-up to a meeting that took place six weeks ago between our staffs to discuss alternative structures to a NEMT program. My understanding is that the meeting went well and I wanted to thank you for the opportunity to share best practices and allow us to present our perspective on the options that South Carolina might consider going forward.

As discussed with your team, we recognize that there are certain aspects of the present NEMT program that have raised concern for DHHS. In particular the ability to attract and retain quality transportation providers, as well as achieve desired service levels are those areas highlighted in many of the operational discussions. While we know the agency is considering whether a different contract agreement like an Administrative Services Only (ASO) structure may alleviate some of these concerns, we would caution that in the final analysis there are pros and cons to any of the alternatives. Our experience under At Risk Fixed Fee (like South Carolina), At Risk Per-Member/Per-Month, ASO and Fee for Service methodologies across our many states and clients is such that we have witnessed the potential consequences of each.

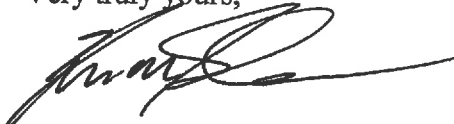
In the end, if making sure that the Broker can attract and retain good, quality transportation providers is the main objective for South Carolina, then the key is making sure that there is enough money in the program to adequately, but not over, compensate all of the parties. One method of achieving this goal is implementing shared risk/shared reward corridors in a capitated structure where the broker is required to spend a defined percentage amount on actual transportation services. At the same time, it maintains the rate flexibility that the Broker must have to effectively incent and drive provider behavior unlike an ASO model that typically involves a fee schedule in a "one size fits all" mentality.

Over the past few months, as you asked in response to the town hall feedback, we have shown marked improvement in on-time performance and call center statistics. There is still work to be done but the contract structure is not necessarily the cause of any service deficiencies.

Also, as discussed with you, we still believe there is a way to think about the NEMT program as part of a more holistic ancillary service package focused on access to healthcare. We remain open to exploring a role in such a forward thinking program.

We truly appreciate our past role in the State and assure you that we are committed to remaining a valued contractor in South Carolina. We look forward to serving the State in the future in a capacity that benefits both of us. If we can offer any additional insight or be a resource as you continue to consider options, please do not hesitate to call on us.

Very truly yours,

A handwritten signature in black ink, appearing to read 'H. Schwarz', with a long horizontal flourish extending to the right.

Herman M. Schwarz  
Chief Executive Officer

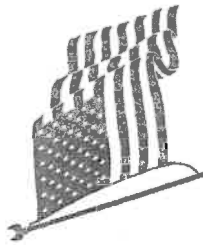
**LogistiCare**

Herman M. Schwarz  
1275 Peachtree Street, NE  
6th Floor  
Atlanta, GA 30309

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NOV 21 2013

Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**



Director Anthony Keck  
Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202

29202820606



January 17, 2014

Mr. Herman M. Schwartz  
LogistiCare  
1275 Peachtree Street, NE  
6<sup>th</sup> Floor  
Atlanta, Georgia 30309

Dear Mr. Schwartz:

Thank you for your recent letter to Director Keck as a follow up to the meeting held with several members of the senior management team at LogistiCare. We appreciate the opportunity to discuss the pros and cons of the various approaches to the provision of NEMT services and agree that the meeting went well.

We appreciate the ongoing input from the LogistiCare team, as we continue to develop the NEMT program in South Carolina and focus on improving the customer experience and overall health outcomes at the least possible cost.

Sincerely,

  
Deirdra T. Singleton  
Deputy Director


DS/ar

## Brenda James

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**From:** Cynthia Gore  
**Sent:** Friday, January 17, 2014 10:30 AM  
**To:** Brenda James  
**Subject:** Log letter - 000181  
**Attachments:** 000181 - log letter response - LogistiCare.pdf

Hi Brenda,  
FYI – log letter 000181 has been responded to. Response attached. Thanks!

**Cynthia Gore**  
*Executive Assistant II*  
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