


DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton/Myers</i>	DATE <i>6-15-10</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000486</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>CC: Deps, Ms. Forlner</i> 	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" 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.			

MARK SANFORD, CHAIRMAN
GOVERNOR
CONVERSE A. CHELLIS, III, CPA
STATE TREASURER
RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL



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MEANS COMMITTEE
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EXECUTIVE DIRECTOR

SC BUDGET AND CONTROL BOARD

THE DIVISION OF PROCUREMENT SERVICES
DELBERT H. SINGLETON, JR., DIVISION DIRECTOR
(803) 734-2320

R. VOIGHT SHEALY, MATERIALS MANAGEMENT OFFICER
(803) 737-0600
FAX (803) 737-0639
1201 MAIN STREET, SUITE 600 COLUMBIA, SC 29201
WWW.MMO.SC.GOV

RECEIVED

JUN 15 2010

Department of Health & Human Services
OFFICE OF THE DIRECTOR

June 11, 2010

Ms. Emma Forkner
Director
Department of Health and Human Services
PO Box 8206
Columbia, SC 29202-8206

Re: Contracts: 07-S6993-A12780 and 07-S6993-A12781
Awarded to Medicaid Transportation Management (MTM) and Logisticare

Dear Ms. Forkner:

In accordance with South Carolina Reg. 19-445.2015, the Department of Health and Human Service's unauthorized amendment to the referenced Materials Management Office contracts to "add several groups of Medicaid beneficiaries" is ratified. I have determined that DHHS added certain Medicaid eligible clients to the Medicaid Transportation Management (MTM) and Logisticare contracts without approval from the Materials Management Office. In consideration of the facts that these contractors hold state contracts to provide non-emergency transportation services statewide to Medicaid eligible clients, that absent the initial exclusion, these additional Medicaid clients would be eligible to receive such transportation services, I find the assignment of these additional clients to the MTM and Logisticare contracts to be both reasonable and appropriate. Had DHHS submitted a request to the office, we would have approved it.

If you have any questions, or if I may ne of further assistance, please let me know.

Sincerely,

Voight Shealy
Materials Management Officer

Attachment: Your Letter of Request

C: Deirdra Singleton, Esq.
John Stevens



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

June 2, 2010

Emma Fokner
Director

Mr. Voight Shealy
Chief Procurement Officer
Materials Management Office
South Carolina Budget and Control Board
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Re: Contracts: 07-S6993-A12780 and 07-S6993-A12781
Awarded to Medical Transportation Management (MTM) and Logisticare

Dear Mr. Shealy:

Pursuant to South Carolina Regulation 19-445.2015, the Department of Health and Human Services (DHHS) respectfully requests ratification by the Materials Management Office (MMO) of DHHS' amendment to add several groups of Medicaid beneficiaries to the above referenced contracts. These beneficiaries were previously receiving their non-emergency medical transportation (NEMT) services from individual providers contracted with DHHS, instead of MTM or Logisticare. Shifting these beneficiaries to the above referenced contracts was necessary to increase administrative efficiency and consistency in the Medicaid NEMT program. DHHS inadvertently did not seek approval from your office prior to taking such action. See discussion below.

Summary of Facts

Effective March 1, 2007, MTM and Logisticare (Brokers) were awarded contracts to provide NEMT services to Medicaid beneficiaries for a period of three (3) years with two (2) one year options to extend. Prior to the award of the Broker contracts, DHHS contracted with individual transportation providers for NEMT services. After the award of the NEMT contract to the Brokers, DHHS continued to contract with several individual transportation providers, including Meyer Center for Special Children, Will Lou Gray Opportunity School, A Child's Haven, and SC Department of Mental Health. The population served by these providers was not included in the above solicitation. However, DHHS later determined that it would be more cost effective to have this population receive transportation services through the Brokers. It would reduce

Mr. Voight Shealy
June 2, 2010
Page 2

administrative cost of having staff monitor these contracts. The responsibility and cost of transporting these beneficiaries would be added to the Brokers' contracts. It is well within the scope of MTM's and Logisticare's contract to provide these services. Pursuant to Procurement Regulation 19-445.2015, it is appropriate for these NEMT services to be provided under this solicitation because it is increases the administrative efficiency and consistency in the Medicaid NEMT program.

It was DHHS' intent to timely submit the contract amendment to MMO for approval prior to the March 1, 2009, effective date. However, the rates paid to the Brokers for providing NEMT must be actuarially sound and DHHS' contracted actuary firm, Milliman, Inc., required a longer period of time than expected to develop the rates. The rate development process required extensive data submission by the Brokers and a thorough review by Milliman to ensure the soundness and appropriateness of the rates. The cost of providing transportation for this new population during the March 1, 2009 through February 28, 2010, contract period, by region, is attached. These rates are fair and reasonable as required by Regulation 19-445.2015, as well as actuarially sound as certified by Milliman. Milliman will continue to review the transportation Brokers data annually to ensure that the rates paid are actuarially sound.

Corrective Action Taken

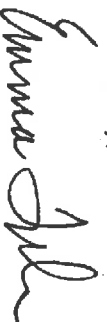
DHHS has reviewed the Procurement Code and Regulations with the appropriate agency staff regarding the proper procedure for amending contracts awarded pursuant to the Code. They have been instructed to continue to seek guidance from agency procurement and legal staff when amending contracts.

Conclusion and Request for Ratification

For the above stated reasons, and pursuant to Regulation 19-445.2015, DHHS requests ratification of the amendment to the NEMT contracts awarded to MTM and Logisticare.

If you have any questions, please contact Deirdra T. Singleton, General Counsel, of my staff at (803) 898-2647.

Sincerely,



Emma Forkner
Director

EF/sb
Enclosure



January 7, 200¹⁰~~9~~

Mr. John Stevens
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

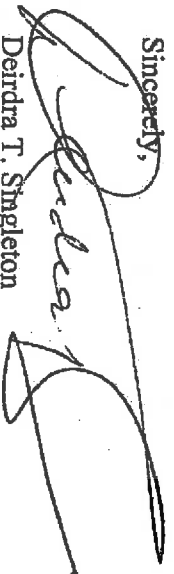
Re: Contracts: 07-S6993-A12780 and 07-S6993-A12781
Awarded to Medical Transportation Management (MTM) and LogistiCare

Dear John:

The South Carolina Department of Health and Human Services (SCDHHS) is requesting to amend the above referenced contracts to include transportation to Medicaid covered services for Medicaid members who obtain their services through The Meyer's Center, A Child's Haven and Gateway House. The addition of this population will increase the monthly eligibles' count and the total contract amount for both brokers. Enclosed is a separate price sheet for each broker reflecting the addition of this population effective March 1, 2009.

Thank you for your assistance in this matter. If you have any questions, please do not hesitate to contact me at (803) 898-2647.

Sincerely,



Deirdra T. Singleton
General Counsel

DTS/bb

Enclosure

**MTM
New Population**

NET Region	Period	Proposed Monthly Amount per Eligible	Number of Months in Period	Estimated Number of Eligibles in Region	Total Cost for period
Region 1 (MTM)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$4.81	12	14,229	\$821,298
Region 2 (MTM)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$4.12	12	1839	\$90,920
TOTAL					\$912,218

Logisticare – New Population

NET Region	Period	Proposed Monthly Amount per Eligible	Number of Months in Period	Est. Number of Eligibles per Region	Total Cost for Period
Region 3 (LGTC)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$6.65	12	14,697	\$1,172,821
Region 4 (LGTC)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$7.70	12	4189	\$387,064
Region 5 (LGTC)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$6.57	12	2410	\$190,004
Region 6 (LGTC)	3rd Contract Period (3/1/2009 – 2/28/2010)	\$7.93	12	2095	\$199,360
TOTAL					\$1,949,249