UPSTATE TRANSPORTATION ASSOCIATION
DRIVING NEW YORK

JOINT LEGISLATIVE PUBLIC HEARING
ON 2017-18 EXECUTIVE BUDGET PROPOSAL
FEBRUARY 16, 2017

My name is John Tomassi, and I represent the Upstate Transportation Association. I'd like to first thank the Legislature for the opportunity to be with you today.

The UTA is a not for profit trade association representing "for-hire" transportation companies. While our members initially were limited to upstate providers including taxi, livery, and medical transportation providers we have been expanding our membership to all areas of New York State, not just upstate.

The budget issue we would like to address today is the Governor's proposed "carve out" of the Medical Transportation Benefit, which would shift the funding for this benefit from Manage Long Term Care (MLTC) Plans over to the Medicaid Fee for Service (FFS) Transportation Manager.

We are overwhelmingly in support of the Governor's proposal to implement the proposed carve out.

The MLTC program as currently operating, is unnecessarily increasing the cost of Medicaid funded transportation while at the same time providing a less than satisfactory level of service to the Medicaid population. As currently structured, MLTC providers are funded on a capitated basis. As part of the funding they receive, a portion is to be allocated to the transportation provider. The MLTC Plans are fighting to hold onto funds for Medicaid Transportation, when the vast majority are turning around and outsourcing the program to brokers. The brokers are then retaining a healthy portion of the rate initially dedicated to the transportation providers resulting in a rate structure that at times can be as much as half of the Medicaid published rate for the identical transportation provided to a non-MLTC Medicaid patient.

The original intent of having the MLTC providers manage their transportation needs was based on the premise that they can best serve their Medicaid clients when they can control the entire process including transportation. Presently, twenty two of the twenty eight MLTC programs have abdicated their responsibility for transportation and farmed it out to a "transportation broker". Please refer to Exhibit A for a list of MLTC programs managed by transportation brokers. These brokers are then responsible for coordinating the transportation and establishing a transportation rate structure. It makes little sense to have twenty eight separate MLTC Transportation Programs, when this can be consolidated under one more efficient program that is already established on the traditional Medicaid side. Why have twenty eight MLTC Plans, with each plan having a medical transportation program, when a single program can manage all Medicaid recipients including, under one cost effective, more efficient umbrella.

Furthermore these transportation brokers are not licensed or vetted by Medicaid but operate under their own authority. All MLTC program providers and Medicaid transporters of non MLTC programs are required to have a Medicaid provider number assigned by Medicaid after meeting the Office of Medicaid's requirements. They are also subject to routine Medicaid inspections by the Office of Medicaid Inspector General to verify they are in compliance with Medicaid rules. Under the MLTC program, no Medicaid approval is required of the transportation broker and the transport companies operating under an MLTC framework. Yet, despite an estimated forty percent (40%) of the total Medicaid transportation dollars flow through these unregulated transportation brokers and in many cases unregulated transporters, these brokers are not bonded nor required to provide audited financials.

As has happened in the past, if one of these transportation brokers files for bankruptcy or simply closes down the operation, the transporter could be left with a significant loss of revenue for all trips that have been completed and billed but no payment received. In 2002 the transportation broker Rainbow Transportation Services filed for bankruptcy with unsecured claims of over $3,300,000 a majority of which were completed trips provided by Medicaid transporters that went unpaid by Rainbow despite Rainbow receiving the funds from Medicaid. The potential for a repeat of this scenario still exists today. I have included a recent article from Crains highlighting a critical payment issue with the largest of the MLTC transportation brokers. Many transportation companies are facing serious financial hardships due to the lack of timely payments and in many cases no payment at all for trips provided to Medicaid patients under the direction of the MLTC transportation broker. The members of our association are owed millions of dollars for trips completed over three months ago and there are a significant number of members of our association who are each owed in excess of $300,000 and in many cases are due funds from 2005 that have not been paid. It is important to understand that none of these trips have been challenged by the transportation broker, they have just not been paid. This doesn't happen under the traditional Medicaid model currently in place for Fee For Service work.

The MLTC network plans to fight to hold onto this method of funding the transportation as it appears to be a profit center for them, yet, as previously stated, the vast majority of MLTC Plans, 22 of 28 plans, have outsourced the management of this benefit to a broker, as indicated in Exhibit A, a pure acknowledgement that they cannot run the program efficiently in-house. Not surprisingly, the broker is often working in their own financial best interest, which often conflicts with what is in the best interest of the Medicaid recipient, and in the best interest of the transportation provider who carries the expense of providing timely and safe service. The notion that the patient receives better integrated care from a MLTC Plan, is nonsense. Whether the transport provider receives the trip from a broker, or from the Medicaid Fee for Service Transportation Manager, it is the same network of credentialed transportation providers handling the transport.

MLTC versus Fee For Service (FSS) Medicaid

- Medicaid Fee For Service side issues an authorization almost immediately when transportation service is ordered, and upon documenting completion of the transport the transportation provider is able to bill at the established Medicaid rate if it is a Fee For Service transport.

- If it is a transport request coming from a broker or directly from a MLTC plan, the broker is typically paying a lower rate versus the established Fee For Service rate, as now there is a third party middleman -the broker - taking an average $5 or $6 off the top from every trip, leaving the provider with zero profit, or a loss on that broker assigned transport.

- Medicaid Fee For Service reimburses on a 3 week cycle following submission of a clean, documented claim.

- The MLTC Plans and their brokers on the other hand pay often 60 to 90 days and as highlighted above, not at all, owing millions for services rendered, but, never paid.

- The Medicaid program has passed through a needed reimbursement rate adjustment to help offset the Governor's Minimum Wage increase.

- The MLTC plans and their brokers have either not received an increase to pass along to the transport provider, or they are keeping it, and not passing it through.

Summary

While the MLTC plans and their brokers lobby to keep this funding, and not have it carved out, they in effect are taking advantage of the provider network, short changing them on rate, not passing through any relief on minimum wage, not paying timely, and sometimes not paying at all. The vast majority of plans are acknowledging they cannot run transportation efficiently in house and are outsourcing transportation to brokers

As has been well documented in many markets across the country, when the transportation program is run by a broker, the broker often works in its own financial best interest, and this is not always consistent with what is in the best interest of the Medicaid recipient who requires quality transportation access to medically necessary care and treatment, and often at the expense of the transportation provider who is working diligently to ensure safe and timely service to the Medicaid recipient.

The Department of Health came to this realization a few years ago when they hired Logisticare and Medical Answering Service to handle the Fee for Service side of the program in a gatekeeper or management role, not running a brokered model in New York State. The Department of Health now is acknowledging that this system is flawed and therefore is proposing to "carve" out the transportation dollars from the MLTC. Anything less is to the detriment of the Medicaid recipient in need of quality care and service, and to the detriment of the transportation provider handling the work.

Thank you for your consideration of this issue.

John Tomassi, President
Upstate Transportation Association
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Managed Long Term Care Programs
Exhibit A

Logisticare Plans:

- Amerigroup MLTC
- Homefirst
- Wellcare MLTC
- United Health MLTC
- Healthfirst Medicare
- Integra
- Senior

National MedTrans Plans:

- AgeWell
- Alphacare
- Archcare
- Centerlight-Pace
- CentersPlan
- Provate MRI Center
- Healthcare Partner
- Magna Care Provider
- Multiplan
- Extended MLTC
- Guildnet
- VNS
- Center for Healthy Living
- Village Care Max

Medical Transportation Plans:

- Aetna Care

Non Transportation Brokered Plans

- Elderserve
- Hip Monti
- ICS
- Montefiore LLC
- North Shore

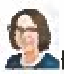
Exhibit 2

NEWS › Health Care

January 1, 2017 12:01 a.m.

Ambulance owners say a Long Island dispatcher owes them millions

Fast-growing National MedTrans Network continues its nationwide expansion, but the Downstate Ambulance Association says its members are not getting paid on time

By Robin D. Schatz

1 Comment Comments Email Print

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Photo: Andrew Link Photography

The city's ambulance companies, which are mostly family-owned small businesses, are already in a tight economic situation.

National MedTrans Network, a Ronkonkoma, L.I.-based company that dispatches nonemergency ambulances to mostly elderly and disabled New Yorkers, has grown at a stunning pace—with revenue increasing 1,765% from 2012 to 2015, according to *Crain's* data. But the city's ambulance companies that answer its calls say National MedTrans owes them more than $2 million, some of it for trips that date as far back as early 2015.

"We're just these suckers on the other end waiting for the money," said Al Rapisarda, CEO of Midwood Ambulance and Lifeline Ambulance, both based in Brooklyn, who is still owed $40,000 for shuttling patients to and from medical facilities.

The overdue funds complicate an already tough economic reality for the city's mostly family-owned ambulance companies, many of which are small businesses that collectively employ some 4,000 people in the New York City area.

National MedTrans has been recognized for its rapid growth by business publications including *Inc.* and *Crain's*, which, in August 2016, ranked it at No. 15 among the 50 fastest-growing firms in the New York area, with revenue of $73.7 million in 2015. Once a small transportation company on Long Island, it has benefited from the expansion of Medicaid and the growth of managed health care plans, which tightly control spending. The ambulance operators get reimbursed less than $200 per nonemergency trip from Medicaid managed care plans, but each trip actually costs them about $260, according to an analysis by the Downstate Ambulance Association.

As the broker, National MedTrans handles transportation requests from the so-called Managed Long Term Care plans that tend to elderly and disabled Medicaid patients. National MedTrans acts as the go-between with the ambulance companies and takes a fee on each transaction. It's responsible for processing the invoices from the ambulance operators and submitting them to the managed care companies for payment.

Demand for National MedTrans' services has exploded as other states have moved to managed care. National MedTrans is already serving two plans in California, each with more than 200,000 members, and has inked a deal with a Chicago managed care plan that will start offering transportation benefits this year, company President Billy McKee, who is based in Salt Lake City, told *Crain's* in August.

But that growth has led to delays in paying vendors, according to a representative of the Downstate Ambulance Association who spoke to McKee on Nov. 9 about the overdue payments, which around that time amounted to about $3 million. In a memo from the representative to association members that was obtained by *Crain's*, the representative said McKee "acknowledged they are growing fast and their systems have not been able to keep up." The representative said McKee told the trade association that National MedTrans has "substantial moneys owed to them" from health plans and were hoping to resolve some of those accounts receivable within 30 days. McKee said he would produce a dollar amount National MedTrans believed it owed each of the ambulance providers by Nov. 15 and would work with each one to reconcile any differences. The association's representative suggested the companies follow up with National MedTrans after that date.

That reconciliation process, however, has not yet been completed, according to ambulance company owners. While some payments have been made to some of the ambulance companies since then, the outstanding balance was about $2.6 million as of Dec. 9, according to the ambulance association.

The ambulance association first reached out to *Crain's* in late November as members grew more frustrated with National MedTrans. McKee did not respond to requests for comment. CEO Andrew Winakor told *Crain's* in an email on Dec. 5: "It's our policy not to comment on contract-related matters with our provider network and/or our managed care agreements."

That same day, Winakor wrote an email to one ambulance company and, referring to *Crain's*, said "we will not be in a position to offer a settlement agreement if National MedTrans is being negatively portrayed by virtue of the Association's communications to them," according to a copy of that message.

National MedTrans' robust expansion may be interfering with its ability to manage its business, said Karen Taddeo, an attorney for the ambulance trade group. Taddeo said National MedTrans "has admitted to me and to representatives from the association that the backlog is overwhelming." In her view, she said, "they've spent so much time and energy on their growth and marketing and ramping up the business that they haven't processed claims."

Executives from three of the 12 ambulance companies who say they are owed money spoke to *Crain's* on Dec. 12 about their frustrations with the overdue payments. Hunter Ambulance, a family- owned business founded in 1982 in Bay Shore, L.I., serves the five boroughs and Long Island, and makes more than 100,000 transports a year. It's still waiting for payments of at least $200,000 from National MedTrans, as of Dec. 22. About $150,000 of that is at least 90 days overdue, said President Dan Leibowitz.

"We're promised payments, we're promised timelines," Leibowitz said. "They either haven't processed the claims or received the money [from the health plans]. We're not sure."

Bronx-based SeniorCare, which employs 1,000 people, is still awaiting payment from National MedTrans on about $460,000 in invoices, including bills for its ambulette services, according to Chief Executive Michael Vatch. About 60% of the outstanding balance is more than 180 days old, and 34% is greater than one year old, he told the association in a Dec. 22 email.

UNITED STATES BANKRUPTCY COURT
WESTERN
OLYMPIC TOWERS
300 PEARL STREET
BUFFALO NY 14202
www.nywb.uscourts.gov

In re: RAINBOW TRANSPORTATION SERVICES, IN	Case No.	10-10655-MJK
	Chapter	7

Tax ID / EIN: 16-1437381

Debtor(s)

NOTICE OF TRUSTEE'S SUMMARY OF FINAL REPORT AND ACCOUNT, HEARING ON APPLICATIONS FOR COMPENSATION AND HEARING ON SUBSTANTIVE CONSOLIDATION (if applicable)

TO THE DEBTOR(s), CREDITORS AND PARTIES IN INTEREST:

The final report(s) and account(s) of the Trustee in this case having been filed, notice is hereby given that there will be a hearing held before Hon. Michael J. Kaplan, United States Bankruptcy Judge on:

DATE/TIME/LOCATION OF HEARING

December 14, 2016 at 10:00 a.m.

United States Bankruptcy Court
Olympic Towers
300 Pearl Street, Suite 350
Part I Courtroom, 3rd Floor
Buffalo, New York 14202

for the purpose (as appropriate) of examining and passing on the report(s) and account(s), acting on applications for compensation, acting to substantively consolidate the debtors' estates, and to transact such business as may properly come before said hearing.

NOTE: This is an interim report, proposing the distribution of substantially all of the funds on hand at this time. The balance on hand is $239,758.41. The trustee proposes to distribute $225,000.00 at this time pursuant to this interim report. The trustee will continue to pursue adversary proceedings and to collect settlements, judgements, etc., for the benefit of the estate, and will make a further distribution later.

The original motions/applications, which may contain more comprehensive information, are on file with the Clerk of the Court and may be reviewed at this office during regular business hours.

The account of the trustee shows:

TOTAL RECEIPTS	TOTAL DISBURSEMENTS	BALANCE ON HAND
$253,948.06	$14,189.65	$239,758.41

In addition to expenses of administration as may be allowed by the Court, claims secured by liens and claims entitled to priority must be paid in advance of any dividend to general creditors. ($0.00 signifies that distribution will not reach those claims.)

SECURED CLAIMS	PRIORITY CLAIMS	UNSECURED CLAIMS
$1,986,779.18	$3,584.62	$3,380,547.78

THE FOLLOWING APPLICATIONS FOR COMPENSATION HAVE BEEN FILED, IN THE FOLLOWING AMOUNTS:

APPLICANT	COMMISSION OR FEES	EXPENSES
MARK J. SCHLANT, CH. 7 TRUSTEE	$15,947.40	$0.00
ZDARSKY SAWICKI & AGOSTINELLI LLP	$29,601.00	$49.30
MORGAN & ARMENIA, CPA	$1,775.00	$0.00