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BID PROPOSAL SECURITY

PRICING SCHEDULE

THE AMERICAN INSTITUTE OF ARCHITECTS

AIA Document A310 Bid Bond

KNOW ALL MEN BY THESE PRESENTS, THAT WE Logisticare Solutions, LLC

1800 Phoenix Boulevard, Suite 120, College Park, GA 30349

as Principal, hereinafter called the Principal, and Westchester Fire Insurance Company

436 Walnut Street, P. O. Box 1000, Philadelphia, PA 19106

a corporation duly organized under the laws of the State of NY

as Surety, hereinafter called the Surety, are held and firmly bound unto Iowa Department of Human Services

100 Army Post Road, Des Moines, IA 50315

as Obligee, hereinafter called the Obligee, in the sum of Five Thousand Dollars and 00/100

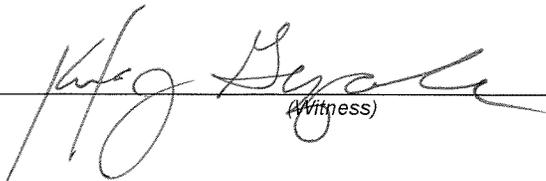
Dollars (\$ 5,000),

for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for MED-10-011; Non-Emergency Medical Transportation Brokerage

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with the Obligee in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and materials furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 19th day of April, 2010

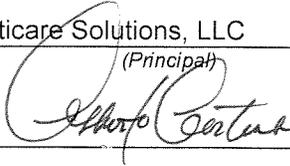

(Witness)

Logisticare Solutions, LLC

(Principal)

(Seal)

By:



CAO

(Title)



Mona D. Weaver

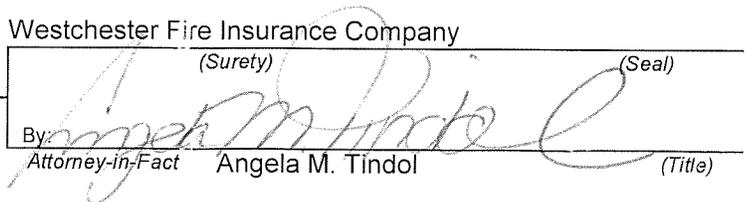
(Witness)

Westchester Fire Insurance Company

(Surety)

(Seal)

By:



Angela M. Tindol

(Title)



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INSTITUTE OF ARCHITECTS, 1735 N.Y. AVE., N.W., WASHINGTON, D.C. 20006

LOCKTON COMPANIES, LLC

8110 E Union Ave, Ste 700 / Denver, CO 80237-2966

303-414-6000 / FAX: 303-865-6000

www.lockton.com

Power of Attorney

105611

WESTCHESTER FIRE INSURANCE COMPANY



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Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the State of New York, having its principal office in the City of Atlanta, Georgia, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business (each a "Written Commitment"):

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such persons' written appointment as such attorney-in-fact.
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing to any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

FURTHER RESOLVED, that the Resolution of the Board of Directors of the Company adopted at the meeting held on November 8, 1999 relating to the authorization of certain persons to execute, for and on behalf of the Company, Written Commitments and appointments and delegations, is hereby rescinded.

Does hereby nominate, constitute and appoint MONA D. WEAVER, ANUJ JAIN, SHEILA J. MONTOYA, SHELLEY CZAJKOWSKI, CHARLES M. MCDANIEL, ANGELA M. TINDOL and JOHN BROWNING all of the City of Denver, State of Colorado, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Ten Million Dollars (\$10,000,000) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 10th day of February 2009.

WESTCHESTER FIRE INSURANCE COMPANY



Stephen M. Haney

Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA ss.

On this 10th day of February, A.D. 2009, before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney, Vice-President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
KAREN E. BRANDT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires September 26, 2010

Karen E. Brandt

Notary Public

I, the undersigned Assistant Secretary of WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this 9th day of April 2010



William L. Kelly

William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER February 10, 2011.

FINANCIAL NARRATIVE

LogistiCare respectfully submits the following cost proposals for the Department's NEMT program. Our completed Attachment G is enclosed immediately following this narrative.

As the nation's leading non-emergency transportation manager in over a dozen states, we understand the budgetary challenges facing state government at the same time that demand for services is increasing.

As part of our Cost Proposal narrative, LogistiCare offers a comprehensive summary of the historical data we reviewed, and the cost assumptions we made in developing our bid. In addition, we would like to familiarize the Iowa Medicaid Enterprise with our utilization management experience in other states and our forecasted program savings, both of which can be considered predictors of future program success.

The Balanced Budget Act of 1997 (BBA) supports that state agencies and vendors document with the Centers for Medicare and Medicaid Services (CMS) the actuarial soundness of a fixed price or capitated rate program. LogistiCare has significantly more experience in working with state agencies and actuarial firms in certifying encounter and rate data than any other bidder. Currently LogistiCare is undergoing certification (and in some cases, re-certification) of its NEMT data with CMS through state agencies for several of its state Medicaid agencies and Medicaid HMOs.

For example, LogistiCare and its Virginia clients DMAS, Anthem, and Wellpoint-UniCare, Southern Health, and Optima/Sentara undergo actuarial reviews through PriceWaterhouseCooper, LLP. In Arkansas, Nevada, Oklahoma and South Carolina, LogistiCare's Medicaid rates are reviewed annually by Milliman, USA, an actuarial firm. In Connecticut, the rates associated with the DSS NEMT program and those programs provided by managed care organizations, as well as Georgia and Missouri statewide NEMT program costs, are reviewed by Mercer. We consistently provide full and complete utilization data, and comply with all aspects of the Balanced Budget Act of 1997.

Our pricing methodology and proposal for Iowa would pass the scrutiny of CMS actuary soundness and is a benefit to the agency as it provides assurance that we will be able to deliver the expected level of service at the rate proposed.

In developing our transportation cost estimates for the future, we considered the encounter data in the RFP, the programmatic changes and challenges shared through the University of Iowa Study, as well as clarifications provided during the Questions and Answers discovery period. The University of Iowa Study stated "the administrative expertise also plays an important role in arriving at NEMT cost estimates. Establishing and maintaining internal controls is an important way of bringing down the overall transportation costs". We agree with this assertion which is why we are comfortable with assuming that our streamlined reservation and gate-keeping protocols, field investigations, program integrity reviews, fraud and abuse detection, and other utilization management procedures will provide a restraining effect on utilization and cost.

Transportation Cost Buildup

As a starting point for our pricing, LogistiCare used all available RFP data. Although the RFP provided certain historical and projected data elements like the average number of Members for each fiscal year as guidance, additional information through the questions and answers were provided in assisting the development of the actual PMPM rate. These are:

Iowa NEMT RFP Data plus the following assumptions:**Additions to Historical Cost:**

1. Additional volume from the intra-city trip volume previously not authorized
2. Multi-year CPI applied for both fuel projections and non-fuel operating expenses
3. Administrative Cost associated with managing the program
4. Slight utilization increase in future years due to greater service coverage of state and more access to after hours and weekend availability

Savings to Historical Cost:

5. Managed savings in unit cost and utilization through efficiencies introduced to the program
6. Savings, both direct and indirect, from fraud and abuse enforcement
7. Future Membership growth not factored into future years pricing

While we have used our experience in the industry and the provided information to develop these estimates, there are two potentially sensitive issues that if miscalculated could have a material impact on the cost of the program. They are:

- The intra-city transports, previously denied must now be included in the NEMT program. Since the historical program cost did not include the cost of these trips, the overall program would appear to be underfunded but for the fact that there appears to be significant inefficiencies and suspected erroneous and fraudulent billing in existence, as shared during the question and answer session.
- The potential adjustment to the membership base for those participants who are not eligible for NEMT benefits.

LogistiCare understands the financial discipline needed to model and execute a successful yet aggressively priced program. However, not all brokers, in particular those inexperienced or seeking to buy market share may have the state's benefit at heart. With the limited RFP data provided, the assumptions supporting a bid price could range widely and may generate an attractive price while placing the Department at risk for successful execution. A bidder who is not realistic about program costs will either develop financial problems or start denying services to those members that really need medical attention, ultimately costing Iowans a great deal more in medical losses.

Our approach for making this proposal work is simple. We will aggressively seek to negotiate the best rates with providers, augment our transportation network and level of service capacity, and tighten gate-keeping reviews in order to provide the Department with more trips at a reduced overall program cost. We will provide administrative oversight and assume the financial and management risk associated with this service. We will do this with no transition or future program risk to the Department or Medicaid eligible members because, given our national experience, we have successfully done this with many other states across the nation.

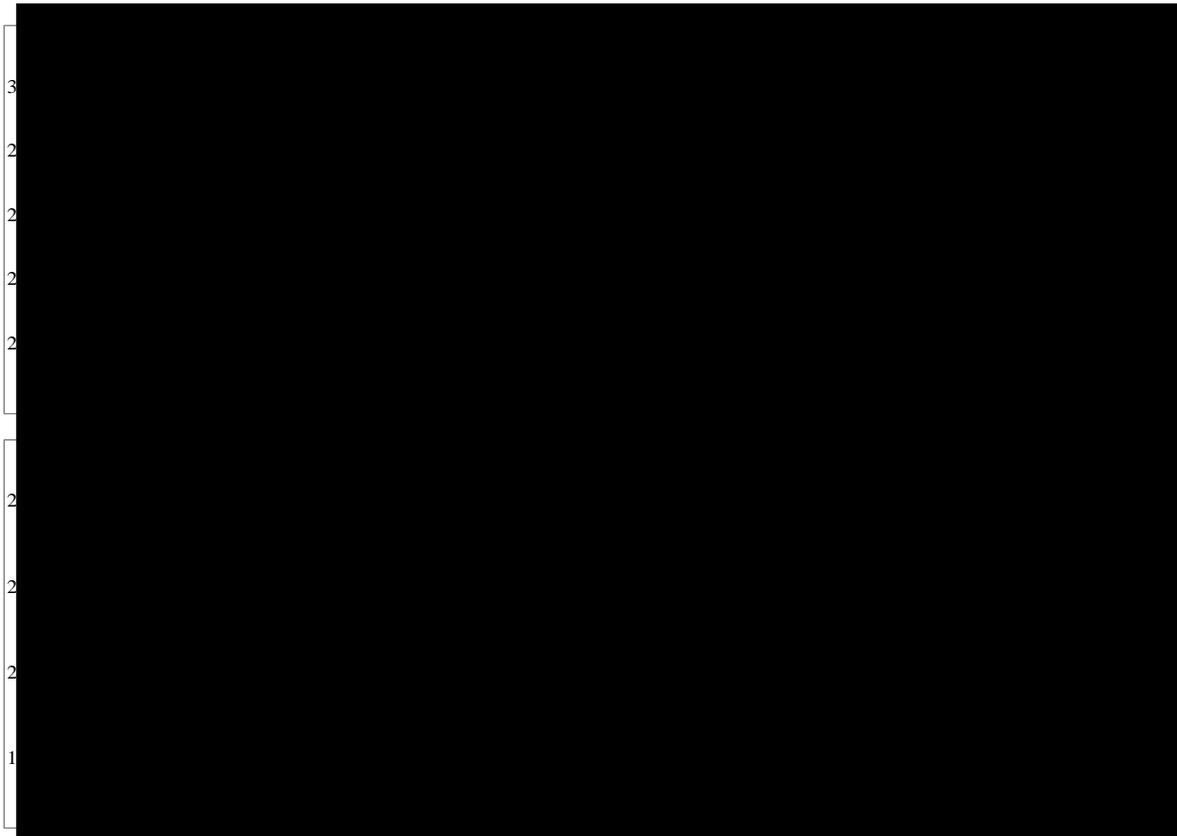
Utilization Management:

Maintaining stable NEMT costs requires careful management of both transportation and medical network providers. Utilization management requires an understanding of trip eligibility rules, field observation of appropriate levels of service, and thorough utilization review. In our experience, we find that health care facilities often request NEMT services simply because the member is Medicaid eligible, not because the program they are attending is a NEMT covered service. This type of assessment, handled through our Healthcare Manager's initial certification

and quarterly recertification of all standing orders, is critical in ensuring that trip volume (utilization) is kept at appropriate levels, and that the appropriate funding source for the transportation service is identified.

We have charted below the utilization management results from some of our major capitated NEMT programs.

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LogistiCare has implemented many different procedures aimed at controlling utilization and lowering cost, while ensuring that those who are eligible and in need of medical care receive those services in a timely and compassionate fashion. This effort has provided budget predictability even while Medicaid enrollments continued to grow. We specifically want to stress that this utilization stabilization is not derived from denials of legitimate service, but from identification of covered versus non-covered service, fraud and abuse investigations, trip frequency verification against medical claims frequency, and assignment of proper levels of service. In our operations, actual denial of service happens in less than .0025% of trip requests.

LogistiCare’s specific utilization management procedures include:

- Field observation of level of service being requested
- Quarterly recertification with facilities of all standing orders schedules
- Monthly attendance review of members by the Health Care Facilities Dept.
- Program integrity and compliance with Medicaid guideline reviews
- Funding source verification of medical services attended
- Transportation frequency versus medical claims frequency reviews
- Public Transit utilization

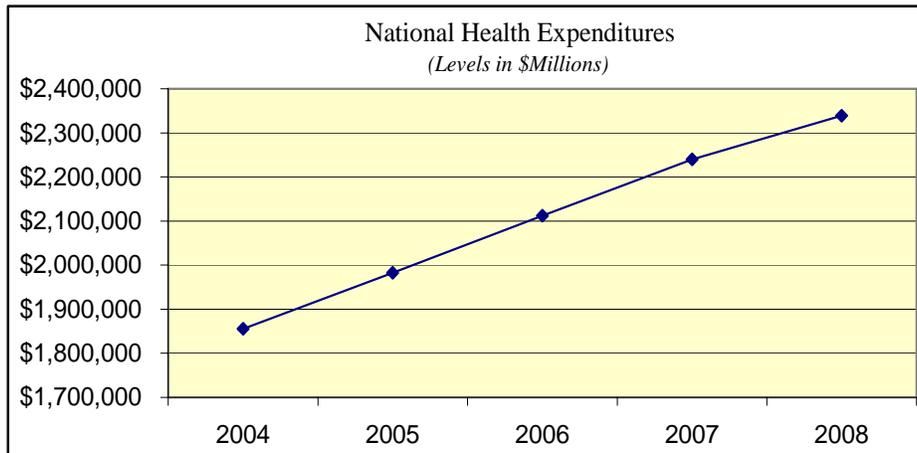
- Billing/100% verification of trip invoices
- No-show compliance program and monitoring
- Review of long-distance trips/research of closest provider guidelines

Closing Summary

As Medicaid spending nationwide has climbed steadily upward (please see chart below), most states have experienced similar growth trends.

LEVELS in \$Millions	2004	2005	2006	2007	2008
National Health Expenditures	\$ 1,855,389	\$ 1,982,542	\$ 2,112,540	\$ 2,239,711	\$ 2,338,747
Annual Percent Increase		6.85%	6.56%	6.02%	4.42%

http://www.cms.gov/NationalHealthExpendData/02_NationalHealthAccountsHistorical.asp

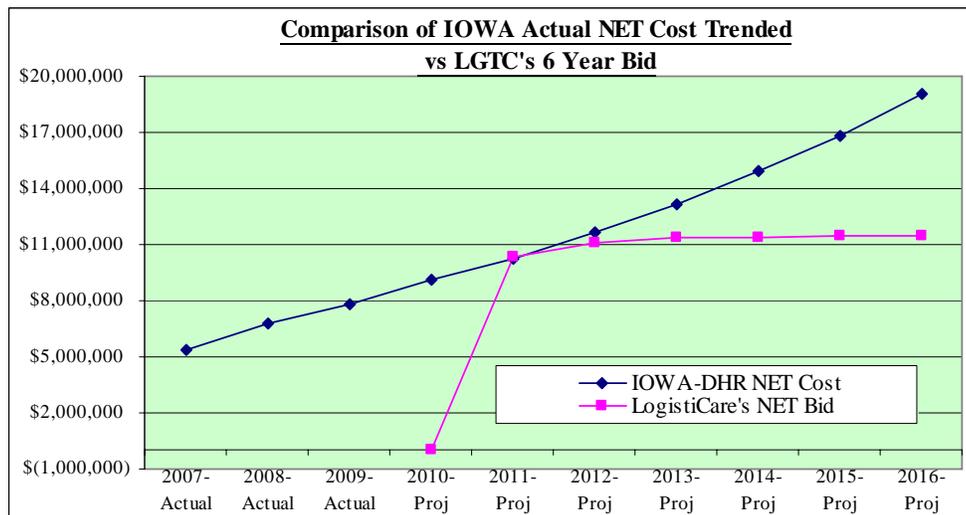


The attraction to a broker model is achieving the long-term benefits of being able to provide budget predictability while improving access and decreasing future program cost as much as possible. Below is a chart that shows Iowa’s historical and projected NEMT cost through SFY 2011. We extrapolated the program’s historical cost through the remaining five years of the issued RFP to project where the program would be from SFY 2012 through SFY 2016 if no brokerage model was implemented.

	State RFP Data					LGTC's Projection of state trend and bid				
	2007-Actual	2008-Actual	2009-Actual	2010-Proj	2011-Proj	2012-Proj	2013-Proj	2014-Proj	2015-Proj	2016-Proj
IOWA-DHR NET Cost	\$ 5,352,398	\$ 6,760,763	\$ 7,801,702	\$ 9,087,009	\$ 10,281,649	\$ 11,633,344	\$ 13,162,743	\$ 14,893,207	\$ 16,851,169	\$ 19,066,538
Year over Year Increase %		26.3%	15.4%	16.5%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
LogistiCare's NET Bid				\$ 10,314,915		\$ 11,118,767	\$ 11,356,136	\$ 11,402,957	\$ 11,496,219	\$ 11,510,297
Year over Year Increase %						7.79%	2.13%	0.41%	0.82%	0.12%
Difference - Additional Cost (Startup) and Savings between LGTC bid vs State Trend				\$ 33,266		\$ (514,578)	\$ (1,806,607)	\$ (3,490,250)	\$ (5,354,950)	\$ (7,556,241)
						LGTC Program Savings over the 6 Years-->				\$ (18,689,360)

We compared the agencies extrapolated program cost over the six years of the RFP to LogistiCare’s bid and derived that our price proposal starts to pay dividends for the state from year one of the program, with an overall six year savings of roughly eighteen million dollars. The actual savings is roughly 20% greater than the eighteen million when you consider that the state’s

current cost only includes amounts paid to transportation providers while the LogistiCare bid includes administrative cost associated with running a call center and overall risk.



We know that there is no other broker with as much experience as LogistiCare in successfully managing the financial risks of NEMT brokerage programs. We believe that our recruitment of employees with backgrounds in capitated environments such as hospital administration, physician practice management, social service, and compliance services differentiates our company from others in this field. Our sole focus in *managing* rather than *doing* transportation is also reflected in the unique capabilities of our LogistiCAD program management software system, which was purpose-built to manage and integrate all aspects of the NEMT service.

With many third party stakeholders relying on this NEMT program to successfully meet the needs of the Medicaid population, operational and administrative management goes beyond traditional call center management. The NEMT program is a comprehensive undertaking that requires a focus on efficiency and quality in all aspects of delivery. These key functions include routing/dispatching; facility outreach, ombudsman/quality assurance efforts, and fraud/abuse reviews to ensure the highest level of service possible to the recipients. As a strong, well run transportation network is critical, a comprehensive suite of programs to monitor, train and mentor providers must be in place. The LogistiCare approach to network management combines support with oversight to include mileage review program, financial assistance for network providers with insurance and other operational needs, public transit identification, no cost routing software and driver/vehicle compliance reporting. An on-going focus on utilization management and gate keeping, to react to continuing changes in the healthcare delivery system, is needed to maintain the efficiency of the program. Equally important is the need to continually upgrade and invest in the human services to manage the program, as well as continuing to develop and upgrade software programs to provide quality data with a quick turnaround for our clients.

LogistiCare stands ready to support Iowa with our innovation and program performance that our state clients attest to. In today's environment, there is more cost exposure in risking a transition to an ineffective contractor than there is in reaching an acceptable contract rate with a proven, experienced partner.

Below is the required Price Proposal Schedule:

PRICING SCHEDULE (ATTACHMENT G)

	Implementati on	Year 1 10/1/10 – 6/30/11	Year 2 7/1/11 – 6/30/12	Year 3 7/1/12 – 6/30/13	Option Year 4 7/1/13 – 6/30/14	Option Year 5 7/1/14 – 6/30/15	Option Year 6 7/1/15 – 6/30/16
A. Eligible Members (SFY 11)		398,753	398,753	398,753	398,753	398,753	398,753
B. Per Member Per Month Rate		\$ 2.16	\$ 2.32	\$ 2.37	\$ 2.38	\$ 2.40	\$ 2.41
C. Annualize		9	12	12	12	12	12
D. Operations Grand Total (A x B x C)		\$ 7,736,186	\$ 11,118,767	\$ 11,356,136	\$ 11,402,957	\$ 11,496,219	\$ 11,510,297