



# State Medicaid Non-Emergency Medical Transportation (NEMT) Contract Toolkit

Key Provisions, Considerations,  
and Lessons



# OVERVIEW



## Background

Goals and Methodology

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## Findings

Key Provisions and Considerations for NEMT Contracts

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## Lessons and Looking Forward

Recommended Strategies for NEMT RFPs and Contracts

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# BACKGROUND



# GOALS

- » Goal: To inform states and other stakeholders about key NEMT contract provisions, challenges and successes, and considerations for developing requests for proposals (RFPs) and contracts while promoting safe and timely transportation services for Medicaid enrollees.
- » The information is based on a study conducted by HMA in 2024–2025.
- » States may use this toolkit to:
  - » Understand key considerations in the development of NEMT RFPs and contracts with NEMT brokers and managed care organizations (MCOs)
  - » Learn from the experiences and perspectives of other states and NEMT stakeholders
  - » Inform planning related to the implementation of NEMT requirements and standards, using contracts as a strategic tool

# HMA STUDY METHODOLOGY



HMA selected 5 states that varied in NEMT administrative model, geographic location, and urban/rural/frontier mix: Arizona, Connecticut, Maine, Nevada, and Tennessee.

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HMA reviewed relevant NEMT reports, federal regulations, CMS guidance, and the selected states' NEMT RFPs, contract(s), service manuals, and other documents.

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HMA conducted 15 interviews with 34 individuals including state Medicaid officials and NEMT brokers, providers, advocates, and subject matter experts (SMEs) and obtained written responses to HMA questions from additional stakeholders.

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# SELECTED STUDY STATES

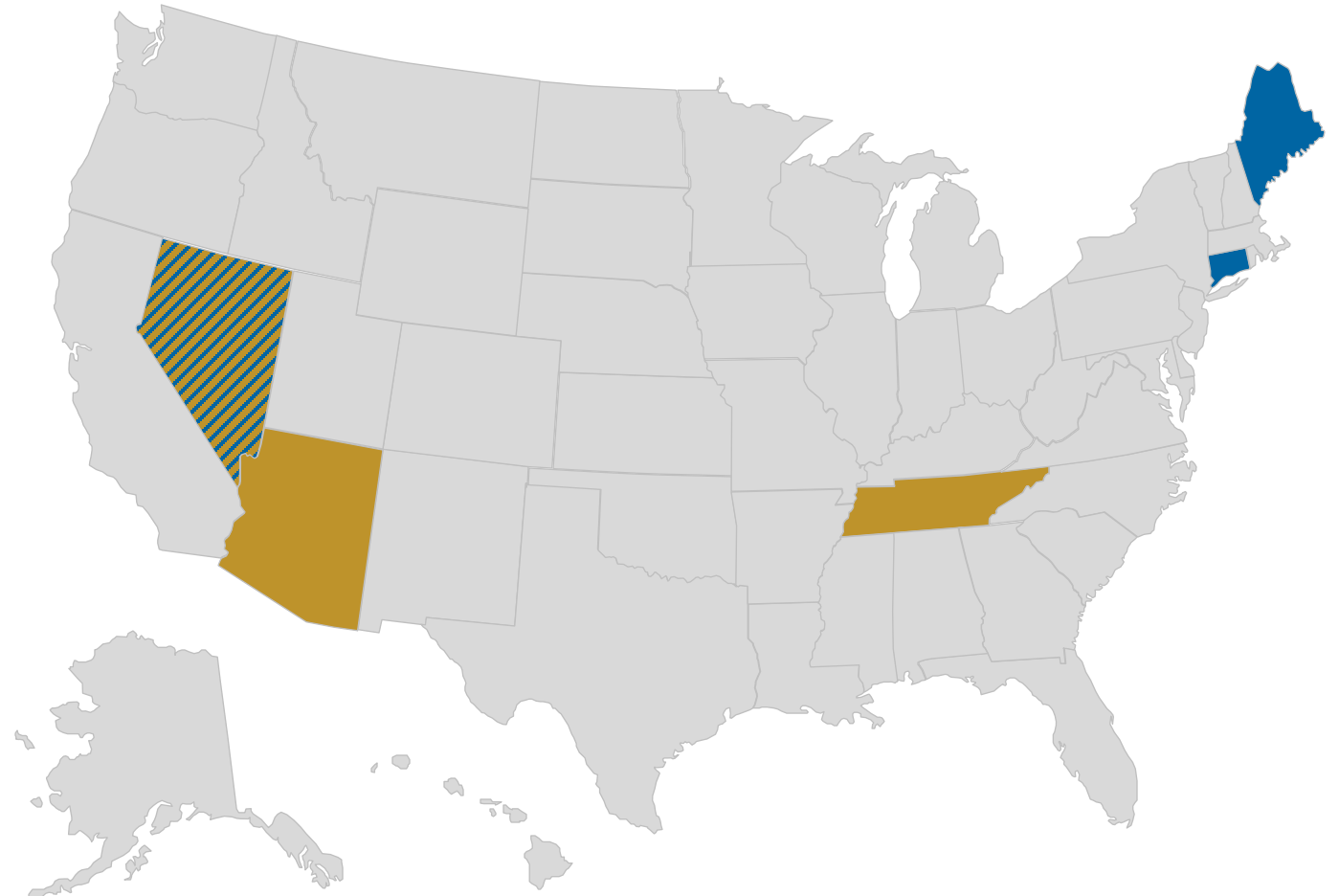
## State-Broker NEMT Contracts

Connecticut, Maine, and Nevada\*\*

## State-MCO Contracts with NEMT Carve-In

Arizona, Tennessee

\*\*Nevada is expanding managed care to its rural areas with NEMT carved in (2024 RFP MCO Rural 40DHHS-S3037, Attachment E Scope of Work).



# FINDINGS



# CONTRACT SPECIFICITY

## Standardizing vs. Tailoring Requirements

- » Each NEMT contract is different.
- » State officials, advocates, and SMEs acknowledge that having national standards for NEMT requirements and metrics would be helpful as a starting point that states could adapt.
- » Each state has specific circumstances and challenges, such as remote regions and public transit infrastructure, which should be addressed in the NEMT contract and program.

### **Tools are emerging for states seeking NEMT standards.**

The Non-Emergency Medical Transportation Accreditation Commission (NEMTAC), recognized by the American National Standards Institute (ANSI), is developing standards for:

- » Transportation provider accreditation
- » Transportation specialist education
- » Performance measures
- » Data definitions
- » Broker benchmarks

Intended for voluntary adoption, it is unclear how widely the standards will be applied.



# CONTRACT SPECIFICITY

## Prescriptiveness vs. Flexibility


- » States need to balance the prescriptiveness of NEMT contract requirements intended to ensure quality, with flexibility for brokers to effectively manage their network and find creative solutions to challenges.
- » Clarity and alignment of metrics and reporting requirements reduce administrative burden on all parties and facilitate quality oversight.
- » Including basic NEMT standards in the state MCO contract helps ensure the program is administered consistently, while leaving space for MCO innovation.

### State Examples

- » **Maine's** broker contract has numerous performance standards that address vehicle safety, customer satisfaction, trip length, and other areas. Nonetheless, brokers maintain flexibility, such as developing a rider no-show policy that includes education and consequences for riders who miss up to three scheduled trips without good cause.
- » **Tennessee** reports that MCOs prefer NEMT standards in the state contract, making it easier for MCOs to enforce the standards with their brokers and providers.
- » Conversely, **Arizona's** MCO contract has few NEMT-specific requirements, giving MCOs greater leeway to design policies in the beneficiaries' and plan's best interests.

# PERFORMANCE COMPLIANCE

## Volume & Thresholds

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- » Balance is needed between the **volume of contractually required performance metrics** and consideration of the **administrative burden** on brokers, transportation providers, MCOs, as well as state agencies themselves.
    - » States should identify and emphasize priority measures and keep the volume of required metrics manageable.
  - » Holding most NEMT performance standards to 100% compliance (e.g., 100% on-time trips, zero rider complaints) is unreasonable, but standards of 95%–99% are appropriate and attainable.
    - » Timeliness is challenging due to variations in the way it is measured and factors beyond a broker's control, such as unexpected traffic or vehicle issues.
    - » Exceptions where 100% compliance with standards is appropriate include responding promptly to complaints, reporting critical events, ensuring riders are not abandoned, and conducting driver background checks for safety-related issues.

# COMPLIANCE ENFORCEMENT MECHANISMS

## Financial Penalties

### State Example

- » **Tennessee** reports using discretion in assessing financial penalties, at a minimum enforcing penalties when members miss appointments.
- » Many states tie their NEMT performance standards to financial penalties, such as **withholds, liquidated damages, and sanctions** to enforce contract standards and **hold brokers accountable**.
  - » Penalties should focus on the most critical areas, including rider safety and ride availability.
  - » Excessive penalties risk making a bid unattractive, even to top performing brokers.
  - » States should use some flexibility in enforcing penalties depending on specific circumstances and outcomes.
- » MCOs and brokers vary in how they pass state-defined standards and penalties through to their contracted broker or providers, respectively, with flexibility to impose standards beyond state requirements or to be selective in the penalties they pass through.

# COMPLIANCE ENFORCEMENT MECHANISMS

## Non-Financial Penalties

### State Examples

- » **Maine and Tennessee** include progressive CAPs in their contracts that begin with data gathering and can escalate if non-compliance continues to include early re-procurement or daily monetary penalties.

- » States also use non-financial penalties such as:
  - » Mandatory performance improvement plans (PIPs) or corrective action plans (CAPs)
  - » Warning of early new procurement
  - » Negative impact on scoring in next procurement
- » Similarly, brokers may re-allocate trips to or from certain transportation providers as rewards or penalties for performance.

# COMPLIANCE ENFORCEMENT MECHANISMS

## Rewards and Incentives

### State Examples

- » **Connecticut** has performance incentives in its broker contract valued at up to 5% of the contract price. Brokers can earn higher rewards based on the threshold they reach (e.g., 80%–85%, 85%–90%, etc.).
  - » **Nevada** eliminated financial incentives because their broker consistently met the requirements.
  - » **Tennessee** is considering incentives and is collaborating with MCOs and their brokers to implement a provider spotlight program to recognize high-performing providers.
- » Upside incentives or pay-for-performance provisions—financial rewards for meeting or exceeding performance thresholds—are less common than penalties, and there are mixed opinions about their value.
  - » Some stakeholders suggest that investing in high performance through financial incentives is more effective than penalties at changing behavior because most brokers factor anticipated liquidated damages into their pricing.
  - » Others suggest upside incentives are complex to administer, and penalties have stronger teeth.

# COMPLIANCE ENFORCEMENT MECHANISMS

## State Variation

State	CAPs/PIPs	\$ Withholds/ LDs/ Penalties	Upside Incentives
<b>State-Broker NEMT Contracts</b>			
CT	X	X	X
ME	X	-	-
NV	-	*	*
<b>State-MCO Contracts with NEMT Carve-in</b>			
AZ	X	-	-
TN	X	X	X
NV**	-	-	-

\*Nevada eliminated financial penalties and rewards (incentives) in 2021 contract revisions.

\*\*Nevada is expanding managed care to its rural areas with NEMT carved in (2024 RFP MCO Rural 40DHHS-S3037, Attachment E Scope of Work).

# TRANSPORTATION NETWORK REQUIREMENTS

## Measuring Network Adequacy

*“Some contracts include an arbitrary ratio of providers that should be in the network that does not enhance quality. It should be up to the broker to manage the network to ensure a standard is delivered.”*

– NEMT Broker

- **Network capacity, especially in rural areas, is an ongoing challenge.**
- Contract provisions related to monitoring and ensuring network adequacy are critical.
- Performance-based proxies for network adequacy, such as **on-time rides and missed trips, are considered more valuable** than a required number or ratio of transportation providers to beneficiaries.

# TRANSPORTATION NETWORK REQUIREMENTS

## On-Time Performance (OTP)

*“On-time performance is a totality of what can be considered separate metrics. It isn’t isolating late trips or missed trips; it’s a comprehensive snapshot of performance and it works for almost every environment and region as there are challenges and nuances everywhere.”*

– NEMT Broker

- Most stakeholders **prioritize metrics for on-time arrival for the medical appointment, missed trips, and driver no-shows or abandonment rates**, as the goal of the NEMT benefit is getting the rider to their medical service.
- Most stakeholders agree that OTP standards should differ for rural versus urban areas, given variation in distances and driver availability.
- Some brokers complained that a rider is considered late if the driver arrived after the scheduled pickup time, even when the rider arrives on time for the appointment. A state official, however, noted that late (or very early) pickup can be upsetting to the rider and disruptive to the family’s planned schedule.
- Assessing timeliness is complicated when the rider does not have a set appointment time; for example, when they are going to a drug rehabilitation/methadone clinic that has drop-in hours during a certain window of time.
- Other considerations are whether OTP standards should differ between standard trips and trips to critical life-sustaining care or for special populations.
- **Good data are critical to determining achievable metrics and standards.**



# TRANSPORTATION NETWORK REQUIREMENTS

## Payment Rates & Enhancements

- » Brokers stressed the importance of sufficient NEMT payment rates from states and MCOs to attract high-quality transportation providers and ensure network adequacy, with broker flexibility to establish rate incentives.
- » Drivers with their own vehicles may work for multiple companies and take the ride with the highest reimbursement, and food delivery or personal ride requests often pay more than NEMT trips.
- » Rate incentives such as payment for wait time or unloaded trips (on way to or from pick up) or enhanced rates encourage drivers to take rural, long-distance, and peak-time rides.



CMS released [guidance](#) in 2023 giving states the flexibility to recognize the higher cost of doing business in rural areas by setting higher base rates for transportation providers or establishing supplemental payments for long wait times and/or “unloaded” mileage expenses while the member is not in the vehicle.

# TRANSPORTATION NETWORK REQUIREMENTS

## Additional Strategies to Alleviate Network Challenges

*“We need further education on the mileage reimbursement program. Members don’t know it’s an option.”*

*“In areas without bus routes, the state and broker do outreach and site visits to healthcare providers to help them become NEMT providers if they have a vehicle.”*

– State Medicaid Officials

- » Though most states, MCOs, and brokers interviewed acknowledged they have not fully solved network capacity challenges, they reported strategies that help alleviate the shortages, including:
  - » Mileage reimbursement to beneficiaries or family/friends who drive them to appointments
  - » Healthcare facility transportation providers
  - » Broker self-referrals (with limits)
  - » Independent drivers
  - » Community or volunteer drivers
  - » Transportation network companies

# TRANSPORTATION NETWORK REQUIREMENTS

## Leveraging Transportation Network Companies (TNCs)

*“TNCs are one tool in the NEMT toolbox. Living with supply constraints, TNCs taking ambulatory riders enables traditional NEMT providers to be used more efficiently, working at the top of their license.”*

– TNC Representative



- » States vary in their statutes, regulations, and contracts about whether, when, and how TNCs may be used for NEMT.
- » Utilization of TNCs for NEMT has increased:
  - » Greater rider demand for real-time, self-service transportation
  - » Availability in urban/suburban areas
  - » Some TNCs adding wheelchair accessible vehicles
- » However, TNC limitations include lack of drivers in rural areas, limited types of members they can transport, higher costs, resistance to training/ standards, and pushback from traditional NEMT providers.
- » Stakeholders agree that states should give brokers flexibility to use TNCs, but with guardrails such as limiting TNCs to:
  - » Ambulatory riders without significant medical or behavioral health needs
  - » Back-up or “recovery rides”
- » **TNC utilization is ripe for the development of standards**

# TRANSPORTATION NETWORK REQUIREMENTS

## Use of Public Transit for NEMT

- » Public transit for NEMT is a lower-cost option, meeting the federal efficiency requirement and incentivizing brokers with capitated rates to promote it.
- » However, key challenges with public transit include:
  - » Limited availability outside urban areas
  - » Weather creating health and safety risks for beneficiaries
  - » Difficulty coordinating with public transit agencies, in some cases
  - » Rider preference for curb-to-curb transit
  - » Difficulty monitoring rider completion of public transit ride to appointment
- » Some states and brokers are testing strategies to increase use of public transit for NEMT when appropriate.

### State Example

- » **Connecticut's** 2023 NEMT broker RFP ties an incentive to “ability of the Contractor to expeditiously connect members to public transportation, so that members do not miss appointments or require a higher level of service due to delays in delivery of public transportation.”



# TECHNOLOGY REQUIREMENTS

- » Technology can enhance rider experience, program integrity, and efficiency, but states vary in requiring or encouraging use of technology in their contracts.
  - » Stakeholders agreed that technologies such as GPS and member-facing apps and portals have improved performance.
  - » However, they recognize challenges such as cost and lack of technical knowledge among some riders and internet connectivity in rural areas.

## State Examples

- » **Nevada** encourages the use of technology in NEMT but avoids strict requirements that might discourage brokers from participating in the state.
- » **Connecticut's** 2023 NEMT Broker RFP encourages “technology solutions or other approaches designed to.... ensure high quality services for Members and Healthcare Providers, achieve administrative and operational efficiencies, and appropriately administer utilization.”\*

\*Source: [State of Connecticut Department of Social Services Nonemergency Medical Transportation Request for Proposals 2023 \(NEMT\\_RFP\\_10162023\)](#).

# TECHNOLOGY REQUIREMENTS

*Newer innovations that can be encouraged or required in NEMT contracts include:*



**Reloadable Debit Cards** for mileage reimbursement and public transit fare

**Benefits:** Minimizes wait time for drivers to be paid



**Cameras in Vehicles**

**Benefits:** Reduces provider insurance premiums, increases safety (e.g., transporting minors and unloading/loading wheelchairs)

**Concerns:** Privacy of Medicaid beneficiaries, cost to drivers with thin margins



**Artificial Intelligence (AI)** is evolving rapidly and ripe for developing national standards, with ongoing monitoring and updating

**Examples:** AI software to provide real-time interpretation for call centers for members who speak a different language and to assist in identifying the shortest, most efficient route

# PROGRAM INTEGRITY

## » Program integrity remains a concern, particularly regarding mileage reimbursement and high utilization services (e.g., methadone clinic trips).

- » Broker contracts often require pre- or post-verification for a certain percentage of trips, real-time GPS tracking, electronic trip verification, and/or contacting beneficiaries and healthcare providers.
- » Program integrity strategies include education and training for medical providers about verification requirements, member mobile apps to track trips and verify mileage, and emphasis on verification of standing orders that account for most trips and are vulnerable to fraud.

## There are mixed approaches to prior authorization (PA) across states; all agreed that oversight is critical.

- » Most states studied focus on verification of rider or trip eligibility, rather than using PA as a utilization management tool.
- » Some use PA only for long-distance or out-of-state trips.

*“The NEMT industry is headed in the right direction. It’s a matter of continuing to digitize the industry to fight fraud, provide real-time data, and interconnect vehicles, providers, brokers, and states to allow data capture of the actual performance of the system.”*

**–NEMT Expert**





# BUSINESS REQUIREMENTS

## Location & Bonds

- » **Broker Location Requirements:** There is value in an in-state presence for certain NEMT functions such as call center representatives to ensure understanding of local geography, cultural preferences, logistics, and unique challenges of the state (e.g., climate), while also creating in-state jobs and reducing member complaints.
- » Most other functions, such as claims, compliance, billing, and leadership positions, can be located out-of-state to promote efficiency and staff retention.
- » **Performance Bonds:** States vary in requiring bonds and/or letters of credit in the NEMT contracts.
- » Performance bonds are an important protection for states in case of broker failure, but bond requirements can be prohibitive if too high (e.g., if the bond amount exceeds the cost of the contract).
- » NEMT experts explained that bonds are more expensive than letters of credit, which count against the availability of the broker's credit.

# BUSINESS REQUIREMENTS

## Insurance

### » Provider Insurance

**Requirements:** NEMT contracts typically require transportation providers to maintain insurance policies in the amount of \$500,000 to \$1 million.

- » Some states require more (e.g., \$1.5 million), which can be challenging, particularly for small providers.
- » States and brokers have implemented strategies for alleviating insurance requirements, but this remains a challenge to maintaining a sufficient network.

### State Examples

- » **Arizona's** minimum subcontract provisions allow for different insurance requirements for subcontracts valued <\$50,000 vs. \$50,000 and above.
- » A broker in a different state underwrites the \$1.5 million insurance requirements for providers.
- » Another broker suggested it should be allowed to absorb some risk by onboarding providers at lower insurance rates because they ultimately are responsible for the contract and carry umbrella insurance.

# EXPANDING NEMT TO HEALTH-RELATED SOCIAL NEEDS (HRSN) SERVICES

- » There is significant interest among states and brokers to expand NEMT to non-medical transportation to address HRSNs, particularly in rural areas. However, concerns include:
  - » Greater demand on an already-stressed network
  - » Potential to take rides away from (or increase wait times for) individuals with medically critical trips
  - » Lack of funding for either state-level or MCO-level benefit expansion
  - » Monitoring and oversight challenges



# STAKEHOLDER INPUT

- » Interviewees highlighted the importance of involving key stakeholders in RFP development and ongoing NEMT monitoring.

*“When building an RFP, it’s important to have the right stakeholders at the table, communication with members with lived experience, and a sound financial basis.”*

*“To help avoid sanctions, we established regular meetings with major hospitals and nursing facilities to communicate what’s working, whether incidents were member or system based. Providers welcome the fact that the state wants to work with them.”*

- State Officials

## State Examples

- » **Tennessee** has been meeting monthly with MCOs and NEMT brokers for the past three years, giving these entities opportunities to discuss contract requirements and ways to improve the program.
- » **Maine’s** NEMT contract requires brokers in each region to convene a non-emergency transportation (NET) advisory committee at least every six months, allowing the brokers and state to hear from Medicaid beneficiaries and medical providers about challenges they are facing and identify solutions as well as keep brokers accountable.

# LESSONS AND LOOKING FORWARD



# LESSONS & STRATEGIES FOR STATE NEMT CONTRACTING



**Standardize where possible, but tailor requirements to state and local needs.** Use “standard” contract provisions and metrics to reduce administrative burden and allow comparisons across and within states but also incorporate state and local needs and circumstances.



**Provide adequate rates** that enable brokers to pay transportation providers sufficiently to address gaps and maintain a robust provider network, including higher rates or payment for unloaded miles in rural areas.



**Use RFPs to elicit how brokers (or MCOs) will address evolving issues and challenges** and how they will leverage technology to improve access and efficiency to allow greater investment in the network and services.

# LESSONS & STRATEGIES FOR STATE NEMT CONTRACTING



**Define clear requirements that specify how performance will be measured and enforced**, prioritizing rider safety and on-time arrival to medical appointments.



**Avoid requiring 100% compliance on performance standards** (with a few exceptions) that are impossible to meet, and requirements that are administratively burdensome and do not add value.



**Extend flexibility to brokers (and MCOs) to find solutions to transportation provider shortages**, including incentives to take rides in rural areas, technologies that facilitate mileage reimbursement, and use of TNCs with appropriate guardrails.



**Strengthen stakeholder engagement** among states, brokers, MCOs, transportation providers, medical facilities, and Medicaid beneficiaries with lived experience.

# QUESTIONS TO INFORM FUTURE STUDY AND PRACTICES



What are the most effective enforcement strategies to promote safe and timely NEMT?



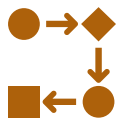
How can technology be used to improve ride experience, access to services, and efficiencies?



How should states and brokers leverage TNCs for filling NEMT workforce gaps while ensuring safety protections and efficiency?



What are the benefits and costs of states adding non-medical trips to meet HRSNs to the Medicaid benefit package?



What new models for NEMT emerge, and how will they affect states', brokers', and MCOs' approach to contracting?



# LOOKING FORWARD

**NEMT is a critical benefit, and states need to set standards and provide oversight of this service regardless of the administrative model.**

- » In the future, it will be important that states monitor and both influence and adapt to the evolving market, using NEMT contracts as a strategic tool.
- » There is a need to foster communication among states and with other NEMT stakeholders, evaluate the impact of trends and strategies on NEMT access and quality, and disseminate best practices as they emerge.



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***[The full report is available here](#)***