

September 6, 2017

Department of Administration  
Division of Purchasing  
650 West State Street Room B-15  
Boise, Idaho 83702  
Attn: Ms. Chelsea Cameron, Buyer

Medical Care Bureau  
Division of Medicaid  
Medicaid Transportation Program  
Idaho Department of Health & Welfare  
3232 Elder Street  
Boise, ID 83705  
Attn: Mr. Matt Wimmer

RE: Notice of Termination

Dear Ms. Cameron,

In December of 2015, Total Transit/Veyo responded to the State of Idaho's RFP to manage the Non-Emergency Transportation Program for the Idaho Department of Health and Welfare (IDHW). In an essential element of its RFP response, Veyo articulated how its proven, next-generation model would use a mixture of Independent Driver Providers (IDPs) and traditional third-party providers to achieve substantial efficiencies and substantiate a rate of \$6.59 PPPM while also introducing new improved service standards. These improved service standards include improved credentialing adherence, on time performance, and lower complaint rates. Its IDP model enables savings of up to 30-40% over the use of a traditional transportation providers. Total Transit/Veyo was awarded the bid in early 2016, but before its launch date in July 2016, IDHW reacted to unjustified concerns and misconceptions about the qualifications of Veyo's IDPs and began demanding significant, non-contractual restrictions on Veyo's model, at great expense to Veyo, before a single trip had been run. These restrictions are still in place today.

The constraints include a requirement to exclude all members of the developmentally disabled community from being transported by IDP [REDACTED] contrary to Veyo having successfully executed over 5 million IDP trips system wide since the launch of its program, including proudly and successfully transporting thousands of members of the developmentally disabled community in its other markets with industry leading service standards and with an outstanding level of satisfaction from its customers.



Further, its credentialing, training, monitoring technology and systems provide objectively better oversight and controls of standards and compliance. Veyo IDPs are required to complete the same training as traditional providers' drivers, and meet the same credentialing and background check standards. As Veyo pointed out to IDHW in its July 2017 meeting, there has been no statistically significant difference in the complaint or on time ratios between IDPs and traditional providers in the state since January 2017 despite IDPs routinely accepting the most difficult to serve trips rejected by all other traditional providers. There has been no empirical or objective justification for the restrictions placed on IDPs in Idaho, and these additional constraints have significantly inhibited Veyo's operating model-

-These constraints have made the price of \$6.59 PPM unsustainable under the current conditions.

Additional unanticipated non-contractual encumbrances that have restricted our ability to achieve the operational and financial efficiencies of our proposal include

- Requirement of prior approval to establish Independent Driver-Providers in additional areas, and significant, unreasonable delays in approving expansion plans.
- Requirement of prior approval to add competitive priced commercial providers in any area.
- Long distance costs exceeding the prior broker by an average \$33k per month (\$68k/mo vs \$35k/mo AMR) due to an arbitrary change to Medical Necessity guidelines, and over \$100k in at least one month this year.

- Prolonged approval process (4+ months) for transportation provider agreement revisions.
- Prolonged approval process for system upgrades.

Over the past several months we have actively worked on both internal process improvement and communicating the reality of the situation to IDHW. Included in our communication with IDHW were several options that would make it possible for us to continue to provide services to the State, but we have not received any clear commitments to remedy these issues. As a result, Veyo finds itself in the unfortunate position of having to issue this termination letter. Again, Veyo would welcome the opportunity to renegotiate the terms of the contract should the State find this a mutually agreeable option.

Although no cause was required, we believe it is important to restate our position and efforts over the past several months.

As a result, in accordance with the terms and conditions of Request For Proposal (RFP) RRF1505 / IPRO RFP160000278, Appendix D – Special Terms And Conditions, Section VII Compliance With Certain Laws, Paragraph X. Remedies, subparagraph B. Termination for Convenience, this letter serves as Veyo, LLC's notice to terminate the contract effective March 5, 2018.

[REDACTED]

If Veyo and IDHW can reach an agreeable compromise before the termination date, Veyo will rescind this termination notice. Our most desired outcome is to continue serving the community. In addition, Veyo is also open to consideration of a longer termination period to facilitate an easier procurement process if acceptable financial relief can be provided. Short of those options, Veyo intends to fully continue meeting its obligations under the contact and transporting participants during this 180-day period, and support an orderly transition to another contractor.

Veyo requests that we be notified prior to the State openly communicating this letter within the state government or to outside parties. In the event that the State intends to seek a mutually agreeable renegotiation, Veyo recommends that both parties limit communications to essential personnel.

Sincerely,

Josh Komenda  
President