

Veyo drops its \$70M Idaho contract to drive Medicaid clients to their appointments

Transportation company Veyo blamed Idaho officials in a Sept. 6 letter for making its transportation contract financially impossible.

The company's Uber-style independent drivers started providing transportation services to Idahoans on Medicaid on July 1, 2016.

But its model caused a stir in the months leading up to that date. The Idaho Department of Health and Welfare reacted to "unjustified concerns and misconceptions" about Veyo's business model by demanding "significant, non-contractual restrictions" that raised the company's costs of doing business, Josh Komenda, company president, wrote in the letter, which served as the company's official termination notice.

The company chose to end the \$70.4 million contract about a year early, according to Health and Welfare, which announced the development Monday. Veyo will stop giving rides March 5.

Idahoans on Medicaid need a lot of transportation. They take about 100,000 trips each month, to medical appointments, therapy and other services covered by Medicaid.

Veyo's contract was originally supposed to run three years, with an option to extend up to a total of eight years.

The San Diego-based company won the contract after bidding against four other companies. It pitched a technology-based operation that many likened to Uber-style rides.

The state and Veyo said the new setup would improve transportation for Idahoans on Medicaid, while giving drivers a chance to make more money than they made under Colorado-based American Medical Response.

But the switch was controversial. It raised complaints from longtime drivers that Veyo wasn't offering to pay enough, and caretakers of people on Medicaid worried about a lack of drivers with experience transporting patients who might need more time and attention to get to their appointments because of developmental disabilities, for example.

Komenda said Idaho put some additional conditions on the company before its services even started, one being that Veyo couldn't send its Uber-style independent drivers to pick up clients who have developmental disabilities. It had to use "traditional" transportation providers for those clients — which "made the price of \$6.59 [per person, per month] unsustainable under the current conditions," Komenda wrote.

"Over the past several months, we have actively worked on both internal process improvement and communicating the reality of the situation to IDHW," he wrote.

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The Idaho Statesman
Boise, Idaho
Tuesday Oct. 31, 2017
by **Audrey Dutton**
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The state received 39 complaints, and three kudos, about Veyo in its first week.

Komenda in January testified to the Idaho Legislature that Veyo had a complaint rate of about 0.1 percent, “approximately in line with historical rates of complaints.” Transportation providers testified at the same hearing that the company was hurting their businesses or had forced them to close, according to The Spokesman-Review. One woman testified that Veyo drivers weren’t showing up to pick up her clients, the newspaper said.

“There has been no statistically significant difference in the complaint or on time ratios between (Veyo’s drivers) and traditional providers in the state since January 2017 despite (Veyo’s drivers) routinely accepting the most difficult to serve trips rejected by all other traditional providers,” Komenda wrote in the termination notice.

It wasn’t clear Monday why Health and Welfare waited until this week to announce the contract’s end. Komenda in a statement said Veyo had sought to renegotiate the arrangement. The company is open to “an agreeable compromise” to resolve its concerns and would cancel its plans to end the contract if that happened, according to the termination notice.

“We will continue to work with Veyo to ensure that Medicaid participants receive safe and reliable transportation services that meet their health needs,” said Matt Wimmer, administrator for the Division of Medicaid, in a news release. “We are confident we will have a new [non-emergency medical transportation] broker in place by the time this contract ends. ... We will ask our new NEMT broker to work closely with the Idaho NEMT provider network in a collaborative and open manner as we work through this transition.”

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