Medicaid Transportation and Urban Public Transit: Strategies and Opportunities for Increasing Transit Ridership

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BACKGROUND

Coordination of human service and public transportation has been a valuable tool for transit operators for almost 30 years. Prior to the creation of rural public transit subsidies in the 1980's, many rural transportation programs embraced coordination of multiple human service programs realizing that the only way they could survive was to diversify. The General Accounting Office (GAO) recognized this in the first of their studies on the coordination of human service transportation (GAO, 1977). This report concluded that the most significant hindrance to coordination was confusion and misperception regarding restrictions to coordination.

In the 31 years since that initial study, coordination has been and continues to be essential to the survival of many rural transit systems. Urban transit systems however have generally eschewed coordination of Non-Emergency Medical Transportation (NEMT) or Medicaid transportation services as an unnecessary complication to the ADA service that is already very difficult to operate (a view expressed by many of the transit managers interviewed as part of this effort). Fixed-route transit however is a service that some state and local Medicaid programs have used to dramatically reduce their per trip costs. Using fixed-route service is a cost effective tool to coordinate NEMT and urban public transit. Recent trends indicate that more urban public transit operators are turning to brokerage of services as well.

This paper, adapted from the TCRP Synthesis No. 65: *Transit Agency Participation in Medicaid Transportation Programs* will focus on the current status of coordination with urban public transit and how transit can take advantage of coordination opportunities.

Non-Emergency Medical Transportation – New Market for Transit

NEMT as part of Title XIX of the Social Security Act (Medicaid) is the focus of this paper. NEMT stands out because of its sheer size as far and away the largest human service transportation program. The Community Transportation Association of America (CTAA) states that NEMT, nationwide, spends approximately $1.75 billion annually, far more than any other human service transportation program. NEMT was first initiated in the mid 1970s in order to assure necessary transportation to the nearest available and appropriate medical facilities. The importance of Medicaid's NEMT program in any coordination effort cannot be stressed enough.

Urban transit should view NEMT as an emerging market. The large amount of funding can help transit system diversify (virtually always a smart business move). Unfortunately to date few transit systems have taken advantage of the opportunities as a broker or provider of transportation services for Medicaid.

Purpose of the Paper

Opportunities exist for public transit systems in urban areas to participate either as providers or brokers in Medicaid transportation programs. While rural areas have historically taken advantage of these markets, many urban transit agencies and Medicaid agencies do not coordinate in the provision of NEMT because of real or perceived barriers. This paper examines how a public transit – NEMT partnership can be successful and under what types of circumstances.

The purpose of this paper is to review the real and perceived barriers to NEMT and urban public transit coordination, identify new markets and identifying the positive aspects of coordination; what are the essential ingredients to successful coordination? It is intended that

this document be used as a tool by Medicaid agencies and transit systems to initiate further dialogue regarding this important issue. This paper just scratches the surface of coordination of Medicaid and urban public transit. Further research is recommended to help foster a win/win scenario for operators and state Medicaid agencies.

Organization/Methodology

The synthesis from which this paper is based on was conducted in three phases. The first phase was a review of the relevant literature in the field followed by a survey of 10 transit agencies and their state (DOT) and Medicaid agencies in order to report on the current state of the practice. Surveys were sent out to ten state DOTs and their corresponding Medicaid agency as well as ten transit systems – urban, small urban, and rural from most regions of the country. Based on survey results, the literature review, and the researcher's knowledge of NEMT programs, case studies were developed to profile innovative and successful practices, as well as lessons learned and gaps in information – two large urban properties were examined.

Case Studies

The case studies were selected to reflect geographical diversity, urban, small urban and rural systems, and service delivery model. The researcher examined successes as well as systems with problems. For each case study, we looked at a transit system and its relationship with the state Medicaid agency as well as the relationship between the Medicaid agency and the state DOT. Of the five case studies, two were located in large urban areas (Broward County, Florida and Portland, Oregon's Tri-Met), and one was a small urban system (Burlington, Vermont).

There were a number of coordination factors evident throughout the research. It is clear that certain factors can foster or impede coordination. In fact, some of the factors dictate the level of coordination. For example, certain capitated brokerages will encourage competition among providers which is the opposite of coordination. It is also clear that rural areas are far ahead of their urban counterparts in coordinating public transit with NEMT.

Following are the elements of success – key factors that can foster or inhibit coordination as expressed through the literature review, surveys of transit systems, state DOTs and Medicaid agencies, and through the case studies. Not all systems encountered all of these elements; however, each of the issues listed occurred multiple times and were credited with influencing coordination. These factors are listed based on their affect on coordination: success factors, helpful factors, and challenges to coordination and are discussed as follows:

Success Factors

These are factors that must be present in order for coordination to succeed. By themselves however, there factors do not guarantee success.

1. **Operational Coordination is Local** – Coordination of NEMT and public transit is fostered and implemented at the local level whether encouraged or inhibited by state and federal government. In the long history of coordination, most of the successes were a result of local level collaboration based on needs and sound business decisions. In the states reviewed as part of this paper, many local operators coordinated while the state agencies were not involved.

2. **Building Trust** – In a number of cases, the trust level becomes very important at the local level. The trust between entities and their management will, in part, determine the level of coordination. Some of the transit systems stated that they built this trust over many years.

3. **Service Delivery Model** – The service model will to a significant extent dictate the potential levels of coordination. Some models clearly foster coordination; some give coordination a lower priority, while others are indifferent. The Vermont and Oregon models demonstrate successful coordination models, while Georgia's model does not encourage coordination. The Texas model has placed the burden of coordination on the local level, neither encouraging nor discouraging coordination.

4. **Urban and Rural Areas** – There is no doubt that rural transit is far ahead of its urban counterpart in the area of coordination in general and for Medicaid. This was originally accomplished out of necessity and has become an integral part of most rural transit systems in the nation.

5. **Use of Fixed-Route Service** – The appropriate use of fixed-route service makes economical sense and fosters mobility for the clients served. It is true coordination where all parties win.

Where possible, bus passes should be used. According to literature and the operators, the distribution of bus passes is often administratively more effective than distributing tickets two at a time.

6. **Make Business Sense** – Coordination implies and requires mutual benefits. That is, each entity must find the arrangement acceptable from a business perspective. The alternative is for a transit system to subsidize NEMT.

HELPFUL FACTORS

If in place, these elements can help foster coordination, but without them coordination may still be possible, albeit more difficult.

1. **Understanding of Transit Concerns** – While NEMT is typically the largest funding source of transportation in rural areas, often its managers have no experience or knowledge of transportation subjects. This lack of understanding has been cited as a major barrier to coordination by transit managers. NEMT managers cite similar concerns of transit managers when it comes to NEMT services.

2. **State Legislation/Mandates** – Legislative efforts have had mixed results to date across the country based on the research conducted for this study, as well as a report by the National Conference of State Legislatures.

3. **Level Playing Field** – A number of transit operators cited the difficulty of competing when the Medicaid standards of service are low. Driver training requirements, minimum standards, vehicle standards, safety standards, and other requirements typically adhered to by transit are not always required by Medicaid agencies. This encourages two different levels of service – one for public transit and a lower standard for Medicaid clients.

4. **State Level Coordination** – Coordination of services occurs at the local level, whether the state agencies have coordinated or not. This is seen in states where there is an indifference to coordination at the state level and even where the state is resistant to coordination. Coordination is far less likely when the state agencies are not at least cooperating.

CHALLENGES

There are some activities and policies that are clear impediments or barriers to coordination. Where these are in place, coordination is more difficult.

1. **Client Shedding** – One large broker stated that it was their intention (in a state not reviewed in this paper) to shed as many clients onto ADA paratransit as possible; shifting the financial burden from the broker to public transportation. This is the direct opposite of coordination and will only result in distrust.

2. **Jurisdictional** – Medicaid trips by their nature often require long distance transportation for specialty medical needs, crossing transit jurisdictional lines. Some operators have cited (local level) problems with the crossing of jurisdictional lines.

BARRIERS/CHALLENGES

A focus of this paper is to report on real and perceived barriers/challenges to the coordination of NEMT and public transportation. Barriers or challenges stop the efforts of some, while impeding progress for others. With this focus in mind, various categories of challenges were listed for the respondents to prompt their thinking. The results indicated a number of real and perceived challenges across many categories. Some challenges could be included in several categories, but for the purposes of analysis, they were fit into one or another.

Service Quality and Safety Standards

This category of challenges generated many responses, from both the transit and Medicaid perspectives. One theme that emerged from the responses is that there are different levels of service quality and safety that are typically required for trips provided under public transit as compared to those required for NEMT, and further, these levels of service are different in different areas, as some transit agencies go above and beyond what is required by the ADA, and others do not. Trying to fit in the two services in one system has proven difficult. Broward County (Florida) and TriMet (Oregon) both operated ADA and Medicaid services in their regions, but each was a separately managed and operated program within the organization.

Another barrier that was cited was that different laws apply to public transit operators than to

NEMT providers, specifically the drug testing and Commercial Driver's License (CDL) requirements. These requirements typically result in higher costs (and for the transit agencies.

Financial Issues

The financial issues listed by the respondents appear to be real and significant challenges to the coordination of services between NEMT and public transportation. One major theme, which has been discussed for many years without resolution, is that of which agency should pay for the trip of an ADA paratransit-eligible Medicaid client to travel for a medical need – the state Medicaid agency or the local transit system? Following this same theme, should the Medicaid agency pay the regular fare (which in large urban areas requires the local government to subsidize NEMT trips) or the fully-allocated cost? Some state transit departments require that their transit grantees collect the fully-allocated costs for human service agency trips (Virginia), rather than the general public fare, while one state attorney general has ruled that Medicaid can only pay the regular fare (Idaho). CMA has determined that it is appropriate for NEMT to pay a rate higher than the general ADA fare.

Other financial concerns that were listed include the business decision: specifically that the reimbursement rate is too low for Medicaid trips and that transit systems will lose money subsidizing the trip. In cases where a third-party administrator exists, there are penalty provisions for minor irregularities and difficulties with invoices that make participation by public transit agencies difficult.

Another financial concern, which is also a technology issue, is the fact that the state's billing and reimbursement mechanism requires expensive software customization, contractual services for electronic eligibility verifications, full-time monitoring, and the payment for services is not always processed in a timely manner.

Intake Responsibility

The responsibility for trip intake is expensive and time consuming. The functions of trip intake are complicated and require a multi-step process: 1) Verification of Medicaid eligibility – is the person requesting service Medicaid eligible, 2) Assessment of need – in some states the intake is required to determine if the person requesting service has a car or can get a ride elsewhere, 3) verification of trip purpose – is the person requesting service going to an eligible service, and 4) what mode of services is the person eligible for – fixed-route service, paratransit, volunteer, etc?

Often the responsibility for trip intake rests with the broker or directly with the service provider. In some states the transportation vendor (sometimes this is the public transportation operator) performs these functions, while in other states the broker or local health/Department of Social Services (DSS) handles eligibility, screening, and verification (in Texas it resides with TxDOT). Regardless of where this function occurs, this information is typically available electronically, though not always in a timely manner (as noted in the barriers section).

Transit agencies reported that the intake process is difficult and time consuming and that the agency does not always have the required information prior to the trip. This could pose difficulties for smaller transit systems that do not have the staff to manage this effort. This problem can have financial implications if the trip is provided, but then not reimbursed. In one state, it was noted that the Medicaid eligibility verification requirements were increased, resulting in additional costs for public transit.

Operational Barriers

One transit agency reported that the provision of NEMT can cause significant disruption to all facets of an established ADA paratransit system for a number of reasons, including: the intake process, the billing system, the customer service staffing, the no-shows and cancellations, and the database maintenance.

It was also reported that in one state NEMT has a 30-minute will-call return pick-up requirement that forces transit providers to have their drivers wait with the client, rather than using the driver's time more productively by delivering trips for other programs or other NEMT trips to different destinations. In addition, some Medicaid clients require a higher level of care than what the public transit agency staff is able or willing to provide.

Information/Technology Barriers

The requirements for the use of technology in billing and operational areas make participation by smaller systems difficult. These systems have difficulty investing in the technology and often cannot afford the staff necessary to maintain the technology. One significant barrier that could be classified under "information/technology" is the fact that there are significantly different recordkeeping requirements for

NEMT as compared to public transit. This is particularly true in urban areas, where the only information collected from a general public passenger is the fare that was paid. This is less of a barrier in rural areas operating demand-response, as the public transit agencies are already collecting trip information in order to provide the trip.

Other Challenges

One major barrier is the fact that Medicaid agencies have the sole goal of assuring that beneficiaries can access their medically necessary appointments for the lowest cost that meets the clients' needs. In urbanized areas, this goal can often be achieved in a cost-effective manner by issuing bus passes to Medicaid eligible clients; however in some states this does not occur because the Medicaid focus is single-trip oriented. The Medicaid agencies do not always realize that the administrative costs associated with issuing single trip passes are equal to or greater than if a multi-ride pass were to be issued.

OPPORTUNITIES FOR PUBLIC TRANSIT

There are many studies that laud the benefits of coordination and in fact there are many examples of these benefits from across the country. The economic benefits of coordination have recently been quantified in a TCRP Report (91) *The Economic Benefits of Coordinating Human Service Transportation and Transit Services.* This report found that there were many economic benefits including increased funding, improved productivity, and economies of scale. Another TCRP Report (70) *The Guidebook for Change and Innovation for Small Urban and Rural Transit Systems* notes that rural transit managers recognize the need for diverse funding from as many sources as possible, including human service transportation programs. Indeed, diversification is sound advice for most business enterprises. These managers noted that coordination can be a sound business practice.

Strategies for Urban Transit

The research indicates that there are three areas where coordination can have a positive impact for transit and the community:

- Fixed Route Use – Fixed route is far and away the least expensive approach to providing public transit. Many studies have indicated that fixed route usage can reach 50 percent of NEMT riders in urban areas. This greatly benefits NEMT and allows the transit system to get a ridership boost. There is no cost to the transit system. This should be encouraged by all transit systems. The transit system can work with NEMT management to arrange an appropriate approach to certification of fixed route vs. paratransit riders.

- Paratransit – In theory, these services should work well together, however the research indicates that this has not happened to a significant degree. Under no circumstances should NEMT or its surrogates place NEMT customers on ADA paratransit without fair compensation.

- Brokerage – A number of small urban transit systems have become brokers for NEMT Transportation, selecting the most appropriate provider for a particular trip (usually based on geographic area). The transit system is often most skilled at doing this work as it already has a call center for paratransit services. Further, transit systems that become brokers can protect themselves from other brokers attempting to shift the paratransit cost and burden to ADA paratransit.

Benefits to be Gained

Benefits noted in the synthesis and through field research include a wide range of activities that can result in:

- Generating Additional Fixed Route Ridership – For little to no effort, urban transit can be providing fixed route service for many of the NEMT customers.

- Business Opportunity – Many transit systems should be seeking out new opportunities to generate revenues. There has been an expansion of small urban public transit systems involved in brokerages. Those interviewed see it as a business opportunity.

- Diversity of Funding – It is almost always a good idea to seek new sources of revenues. It is a prudent business decision.

- Reduce Costs for NEMT – Through the use of fixed route, NEMT can significantly reduce costs without cost transferring/client shedding. No one is better qualified to determine ability to ride fixed route than public transit systems

- Economies of Scale – While it may be difficult, there are economies to be gained by combing services through one dispatch center and one set of vehicles.

- Improving the Quality and Safety of Service – Public transit typically provides highly trained vehicle operators, well maintained equipment and a safe and comfortable environment. One recent audit on a state NEMT program identified a problem limited to private for profit providers – 30 percent of the drivers either had a criminal record that should have excluded them from service (contractually) or an invalid driver's license.

- Allows NEMT client using fixed route, greater mobility for a wide range of needs – NEMT clients can get access to any destinations in the service area after they learn to ride fixed route.

SUMMARY – OPPORTUNITIES ARE OUT THERE

There is no question that coordinating services is hard work. In many cases coordination does not make business or operating sense at a number of levels. The factors for success in these cases are not in place and entrenched bureaucracies are loath to change.

There are opportunities however, where the conditions are good and there is a chance the coordination effort can make business and operating sense. We have seen this extensively among rural transit and are now slowly seeing an expansion of coordination agreements.

Large cities such as Portland, Oregon and small cities such as Lubbock, Waco and Abilene in Texas have initiated brokerages and have found a measure of success in operating the program in their areas. In the case of the three Texas cities, they also broker service in surrounding counties.

Explore the opportunities using the success factors as a check list. If there are possibilities it may be beneficial to the transit system to purse opportunities.