



IMPACT OF BROKERAGE OF MEDICAL ASSISTANCE TRANSPORTATION PROGRAM

BY THE PA PUBLIC TRANSPORTATION ASSOCIATION



BACKGROUND



Since 1980, PA has operated a coordinated shared-ride system to provide human service transportation in all 67 counties through 44 providers, **mostly public transit systems**. This service delivery model has provided cost effective transportation for all consumer needs, including MATP.



PA Department of Human Services (DHS) is **required by federal law** to provide non-emergency medical transportation (MATP) for qualifying Medicaid recipients by the Center for Medicare and Medicaid Services (CMS).

BACKGROUND

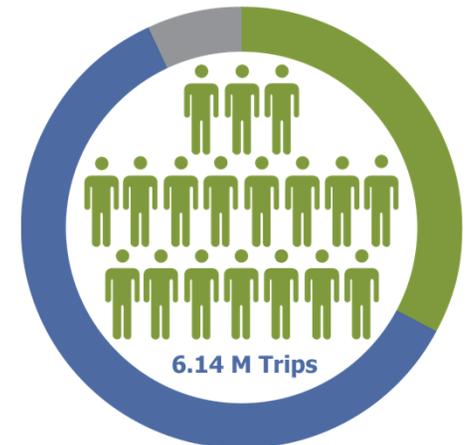


Decades of investment in public transportation by the Legislature has resulted in PA being recognized as the national model for providing coordinated shared ride service, giving PA transit the distinction as the **3rd lowest cost** for providing MATP service in the nation.

PA delivers more MATP trips (**11.5 Million**) than any other state of comparable size (including Philadelphia).

In FY2017, shared ride systems carried **6.14 Million trips** that includes the senior lottery transportation program (3.7 Million) and the Persons with Disabilities program (0.413 Million), plus MATP and other human service agencies purchasing service. (Excludes Philadelphia county).

In FY2017, the annual expenditure for shared ride service was \$218 Million.



WHAT IS THE ISSUE?

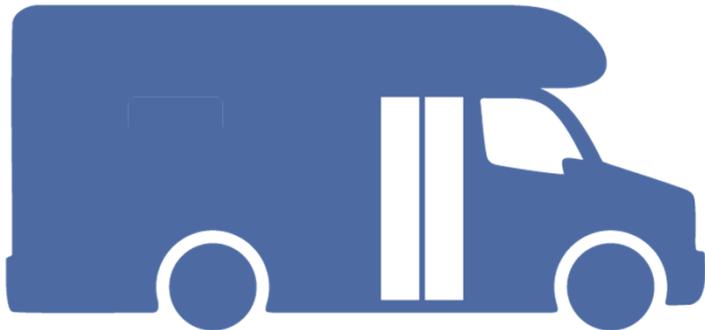
Establishing a separate MATP Brokerage will remove one of the largest sponsored programs from the shared ride system. The remaining programs will incur **higher costs due to loss of operating efficiency**.



- DHS issued a Request for Application (RFA) on December 21, 2018 to provide MATP service using **regional brokers** as required by HB 1677 adopted on June 22, 2018.
- Under a brokerage model, **PA public transit systems would no longer coordinate or provide MATP service**, nor are able to be brokers based on the RFA issued.
- The RFA was **issued with a sole focus on MATP service** and did not take into account potential effects on current transit services or the cost to the programs funding service.

WHAT IS THE ISSUE?

PAID FOR AND USES SERVICE
PAID FOR AND DOES NOT USE SERVICE



- The broker model is based on a single capitated rate for each eligible Medicaid recipient in each region and **would be paid regardless of whether service is provided**, considered a full risk model.
- Capitated rates do not necessarily reflect the actual cost of providing transportation, but are **focused on corporate profits**.
- Under a full risk model, if service needs exceed the capitated rates, the broker must still provide the service and **lose money**.
- Under a full risk model, if service needs are less than capitated rates, the broker makes a profit—thus, **the less service provided the higher the profit margin**.
- The current DHS contract is a block grant that only pays for services actually provided. If service needs exceed the block grant, the provider loses money; if service is less than the block grant, **the county must pay back the funds**.

WHAT IS THE ISSUE?



Successful brokers can contract with transportation providers that **do not have to meet the insurance, training, drug & alcohol testing, or safety standards** that are required of public transit systems.



PPTA submitted proposed draft language to support the use of public shared ride transportation providers in the brokerage model, however, the RFA **did not** include any provisions that public transit systems be used to provide the service.



Public transit agencies are **not for profit** and cannot enter into contracts that would pay less than the actual cost of providing service.

The broker model is designed to serve a single need for a single program, it does not support building transportation **network capacity** for the community.

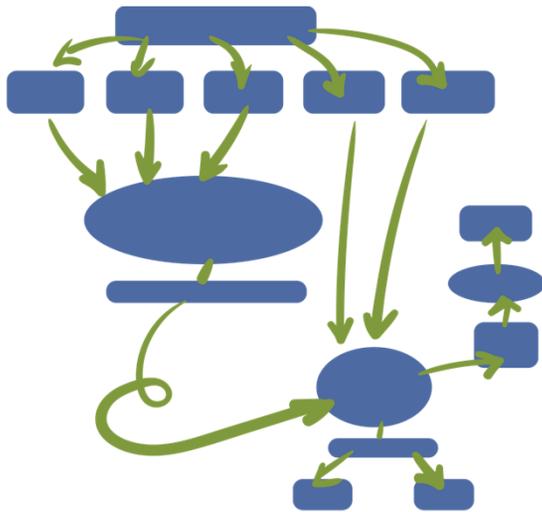
WHAT IS THE ISSUE?



COORDINATION BENEFITS MATP

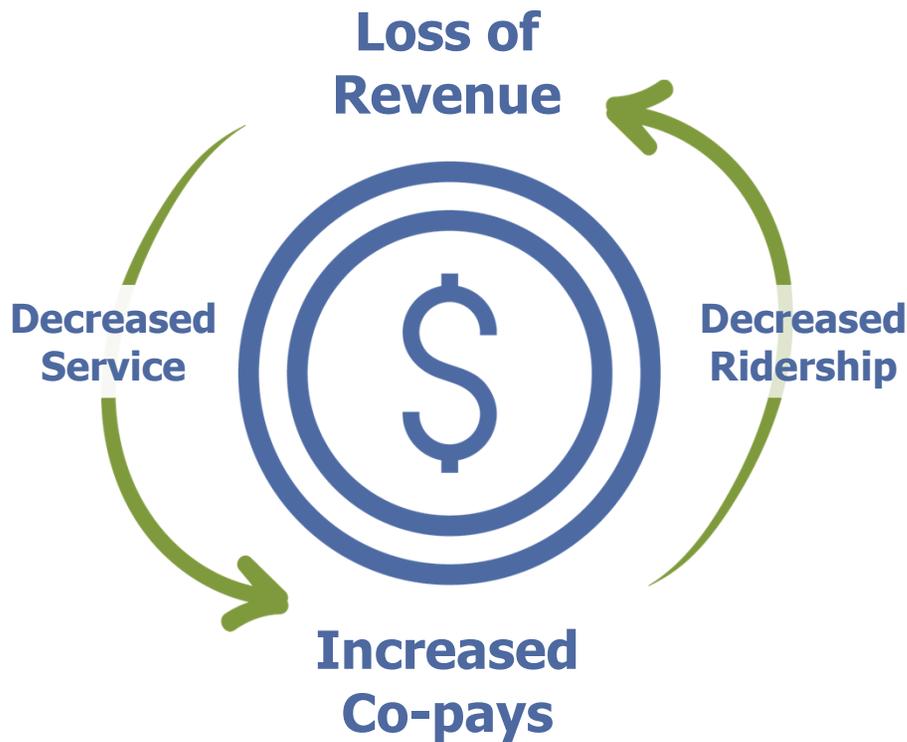
- PennDOT recently invested over **\$15 Million** on a statewide implementation of shared ride software to improve the efficiency of human service transportation, including MATP, at ZERO cost to DHS.
- PennDOT has assisted in funding **over 1,500 shared ride vehicles** throughout the state, used to provide service for all programs including MATP, at ZERO cost to DHS.
- The MATP service provided by public transit providers allows transit systems to draw down **additional** federal transit funding.

WHAT IS THE ISSUE?



- Removing MATP from the coordinated systems will result in users having to call different numbers depending on the nature of the trip, **very confusing for seniors and persons with disabilities** who may be eligible for multiple programs.
- Several **public transit systems in PA already coordinate MATP service** for multiple Counties, such as ATA (6 Counties), CPTA (10 Counties), BeST Transit (3 counties), and SCTA (2 Counties) which together coordinate service in 21 counties.
- DHS has stated that Counties no longer want to provide the service. The counties they cite are counties that **consolidated their service** under one provider to save money and wanted DHS to contract directly with the consolidated provider.
- The **main reason** given for the RFA is to be able to draw down an estimated \$15 Million in federal funds under the broker model, but removing MATP from the coordinated systems in PA **will result in increased costs** (estimated to be \$31 Million) for other programs including the Lottery and PwD programs and/or decreases in service.
- PA Transit systems stand to **lose up to \$5 Million in FTA funds** due in the national formula as a result of lost MATP service.

WHAT IT MEANS TO PUBLIC TRANSIT



- MATP represents about 30% of Shared Ride **services** provided by public transit systems across the Commonwealth.
- Implementing a brokerage system will result in **layoffs of up to 800 employees statewide** at public transit agencies.
- The potential loss of revenue will result in higher costs to provide the same levels of service which means higher co-pays for seniors and the PwD Program that will most likely result in **decreasing riders and services**.
- The removal of MATP services will result in many small community shared ride providers **discontinuing all services**, especially in rural areas leaving seniors and the disabled without any services. One example, Tioga County, NY.

RECOMMENDATIONS

Take legislative action to give lawmakers the opportunity to better understand the impacts of the current brokerage effort and **identify an appropriate approach** to improve the delivery of MATP.

Immediate Actions Needed:

1. Legislative remedy to stop contract awards for MATP brokers
2. The Legislature to hold **hearings** on issues related to coordinated transportation and MATP
3. Conduct an **independent analysis** on impacts and Return on Investment across all state funded human service transportation programs.

Analysis Should Include:

- Complete information on Federal CMS rules and compliance issues for all CMS approved models (Administrative, Medical and Mixed)
- Evaluation of other models which comply with Federal CMS rules to maximize federal participation
- Evaluation of the broker model vs. other models to determine costs and/or benefits to entire Commonwealth budget, including DHS and PennDOT
- Evaluation of methods to reduce MATP expenses across the Commonwealth
- Recommendations would include consideration of impact to coordinated human service transportation programs