



**Moving Public Transportation
Into the Future**

Overview of Center for Medicare Medicaid(CMS) Transportation Coverage Guide: Impact on NEMT and Public Transportation Industry

Presented for

***MNDOT Office of Transit and Active Transportation and
Minnesota Rural Transit Assistancess Project***

January 9, 2024

Presented by:

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Transportation Assurance

- ◆ **Transportation is an essential feature of the Medicaid program**
 - **Ensures beneficiaries' access to health care**
- ◆ **Consolidated Appropriations Act (CAA) added statutory requirement**
 - **State plan must include description of the method used to ensure necessary transportation**



Transportation Assurance

- ◆ **CAA Section 209 obligates CMS to:**
 - **Convene a series of meeting to obtain feedback and facilitate discussion**
 - **Assess and update CMS' guidance issued to states for Non-emergency Medical transportation (NEMT)**
 - **Submit report to Congress on NEMT based on analysis of nation-wide data set—NOT COMPLETE**



State Medicaid Director Letter Announcement

- ◆ **Published September 28, 2023**
- ◆ **“Provides an overview of requirement, policy, and guidance for the assurance of transportation in Medicaid as a mandatory service”**
- ◆ **Calls on states to “fully operationalize,” monitor and improve the way they meet the transportation assurance**



Medicaid Transportation Coverage Guidance

- ◆ **Authored by Centers for Medicare and Medicaid Services (CMS)**
 - **Herculean effort**
 - **Reflects Coordinating Council on Access and Mobility (CCAM) dialog**



Medicaid Transportation Coverage Guidance

- ◆ **Compilation of Medicaid transportation policy on federal requirements and **state flexibilities****
 - Clarified existing
 - Explained new
 - Encouraged best practices
- ◆ **Encourages states, MCO and transportation providers to work collaboratively to ensure beneficiaries are educated and informed**



Transportation Access Requirements

- ◆ **Necessary Transportation**
 - No other option is available
- ◆ **Nearest Qualified Provider**
 - Unless Medical Need
- ◆ **Least Costly/**Most Appropriate****
 - Physical/emotional condition of the beneficiary
 - **Must consider quality of service**
- ◆ **Improve Passenger/Provider Relations**



Negative Transportation Experiences

“A negative transportation experience can have a direct impact on both a driver’s willingness to accept a passenger and a beneficiary’s willingness to accept a ride. To ensure transportation providers, such as drivers, have the necessary tools to engage beneficiaries and ensure a positive experience, CMS recognizes there may be a need for additional steps to help manage the transportation provider-beneficiary relationship.”



Consideration for Special Populations

- ◆ **States should address unique challenges**
 - Reasonable modification for individuals with disabilities—consider support needs
 - Consider behavioral health needs when determining most appropriate mode
 - Tribal beneficiaries with geographic barriers
 - **Higher cost of doing business in rural areas**
 - Flexibility to set higher base rates
 - Alternative rate methodologies

Public Transportation

- ◆ **CMS recognizes public transportation agencies as viable NEMT options**
 - **Often recognized as least costly and most appropriate option**
- ◆ **CMS recognizes TNCs**
 - **Need to account for the medical appropriateness of the ride and financial efficiency**



Public Transportation Partnerships

- ◆ **State Medicaid agencies are encouraged to explore partnerships with State DOT agencies to better serve the Medicaid population**



Public Fixed Route Transportation

- ◆ Rates may be no more than charged to the general public—fares, discounts, etc.
- ◆ Passes/Tickets as long as cost of pass is less than single trip cost for expected number of Medicaid covered trips during the period covered by the pass (on average)
 - Use of pass for non-Medicaid related trips is acceptable



ADA Complementary Service

- ◆ **ADA complementary paratransit service**
 - **Reliable and timely**
 - **Can exceed fare**
 - **No more than the rate charged to any other state human service agency for comparable service**

“The fiscal burden of transportation must not be unfairly placed on paratransit”



Public Demand Responsive Transportation

- ◆ **Demand responsive service**
 - **Reliable and timely service may be deemed most appropriate**
 - **Can exceed fare**
 - **No more than the rate charged to any other state human service agency for comparable service**



Public Transportation Coordination

- ◆ **Allows for trip sharing**
- ◆ **Medicaid is payer of last resort**
- ◆ **Medicaid only pays for its portion of a coordinated trip**
 - **States have flexibility to utilize cost allocation methods reflecting basic cost principles**
 - **Implied reference to CCAM cost principles and SBIR cost allocation model**

Provider Payments

- ◆ **Must not offer payment too low that results in a limited number of potential service providers**
- ◆ **States have flexibility to explore a broad array of innovative payment models**

Provider Payments

- ◆ **Costs that cannot be paid as a direct activity, but can be built into a payment methodology**
 - **No load miles—miles with no beneficiary on board**
 - **Deadhead miles**
 - **No-shows**
 - **Long Wait Times**

Provider Payments

“These may result in significant costs to transportation providers and failure to account for them would negatively affect providers’ willingness to transport Medicaid beneficiaries”

Provider Payments

- ◆ **Travel related costs covered as a direct expense**
 - **Overnight long distance trips**
 - **Lodging, Meals**
 - **Transportation Attendant**
- ◆ **States afforded **flexibilities** for coverage of wait times and long distance trips**

Broker Requirements

- ◆ **States must provide robust oversight**
 - **Complaints**
 - **Audits**
 - **Driver standards**
 - **Vehicle standards**
 - **Access to beneficiaries**
 - **Scheduling assistance**



Private Broker Requirements

- ◆ **Competitive bidding**
 - **Experience, references, performance, cost, oversight**
 - **Cannot self refer unless no other option**
- ◆ **Conflict of interest**
 - **Prohibition from subcontracting to provider with which it has a financial interest**
 - **No self-referral unless exceptions met**



Public Broker Requirements

- ◆ **Public/Governmental Entities as Brokers**
 - **Competitive bid**
 - **Exempt from COI if directly provides service or subcontracting to another governmental provider**
 - **Allows self-referral**
 - **Payment does not exceed the actual costs of service**
 - **Separate cost centers in accounting system**
 - **Most appropriate/lowest cost**



Recognizes Fundbraiding

- ◆ **Cannot use fundbraiding to match Medicaid**
- ◆ **Can use fundbraiding to match transit programs to increase coordination among Federal agencies that provide transportation services**
 - **Section 5311**
 - **Section 5310**
 - **Section 5307**



Contact Information

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Moving Public Transportation
Into the Future

NEMT Cost Allocation Model: Overview

January 9, 2024

Prepared for the:

MNDOT/MRTAP

Presented by:

RLS & Associates, Inc.

Project Purpose

- ◆ **Address Congressionally Mandated Action**
 - **FAST Act**
 - **Congress Stipulated That The USDOT and CCAM Develop Cost Allocation Technology**
 - **Account for Disparate Federal Reporting Requirements and Maintain Separation of Funding Sources by Trip for NEMT**
 - **While Embedded in the FAST Act, This Issue Was Recognized More Than 48 Years Ago**

Project Purpose

- ◆ **1975 Senate Hearing**
 - **Concerns About Lack of Coordination Among Federal Programs**
 - **Led to a Landmark 1977 GOA Study**
 - **GAO Identified Accounting Issues as a Hindrance**
 - **“Accountability, Paperwork, and Bookkeeping Problems”**

Project Purpose

- ◆ **CCAM 2005 Report to the President**
 - **To Encourage the Shared Use of Vehicles and Existing Public Transportation Services, the CCAM Recommends Where Statutorily Permitted That Standard Cost Allocation Principles for Transportation be Developed and Endorsed by Federal Human Service and Transportation Agencies**



The Changing Environment

- ◆ **Multiple GAO Studies Encouraging the Coordination of Federally-Assisted**
- ◆ **Adoption of the Single Audit Act**
- ◆ **Adoption of Uniform Cost Principles in the Administration of Federal Award**
 - **OMB Circulars A-87, A-122**
 - **2 CFR § 200**

The Changing Environment

- ◆ **FTA Private Sector Initiatives in the mid-1980**
 - **Recognition and Adaptation of the 2-Variable Cost Allocation Method**
- ◆ **Widespread Deployment in Both Public and Private Sectors of Automated Accounting Software**
- ◆ **CCAM**

The Changing Environment

◆ TCRP Research

- Various Reports on Cost-Sharing and State Medicaid NEMT Service Delivery Model

◆ Enhanced Technology

◆ Massive (Unconstrained) Growth in the Medicaid Program

- Creates Pressures at the State Level to Control Costs

Challenges in this Project

- ◆ **NEMT, Even Though Expenses are in the Billions, Represent \approx Only 0.5 – 1.0% of the Medicaid Budget**
- ◆ **Changing/Evolving Medicaid & NEMT Service Delivery Models**
 - **Fee-for-Service at the Local Level**
 - **Brokered Services at the Regional or Statewide Level**
 - **Managed Care at the Statewide Level**



Challenges in this Project

- ◆ **Existing Cost Allocation Techniques Produce Cost Estimates for Vehicular Movements, Not Passenger Movements**
 - **Funding sources do not wish to pay for:**
 - **Deadhead Mileage**
 - **Miles on a Trip Where the Sponsor's Clients are Not Onboard the Vehicle**
- ◆ **Database/Cloud Platform Security**

Challenges in this Project

- ◆ **Diversity in the Network of NEMT Service Providers**
 - **Transit Agencies**
 - **Nonprofit Organizations**
 - **Private, For-Profit Transportation Companies**
 - **Owner/Operators**
- ◆ **Differing State Medicaid Models**

Challenges in this Project

- ◆ **Private Sector Financial Data Used in Data Entry Validation**
- ◆ **Rise of Wayfinding Applications/TNC Networks**
 - **Creates a Perception and Analogy of What Can Happen That May Not be Consistent With Current NEMT Service Delivery Models**
- ◆ **Teaching Programmers Cost Allocation Methods**



Model Elements to Address Challenges

- ◆ **Use of a Uniform Budget Template to Promote Full Cost Recognition**
- ◆ **Modification of the FTA Price-Waterhouse Landmark Report on Cost Allocation Techniques**
- ◆ **Adoption of CMS's Budget Certification Process**



Model Elements to Address Challenges

- ◆ **Policy Decision to Prohibit Depreciation on the Non-Federal Share of Rolling Stock Assets Where There is Partial Federal Interest for All But Private Entities**
- ◆ **Adoption of Multi-Functional Approach to Generating Fully Allocated Costs**
 - **The Model Can Price a Service**
 - **The Model Can Price an Individual Trip**



Model Elements to Address Challenges

- ◆ **Adding Interactive Map Application to Generate Map O/Ds for Specific NEMT Trips**



Where We are Today

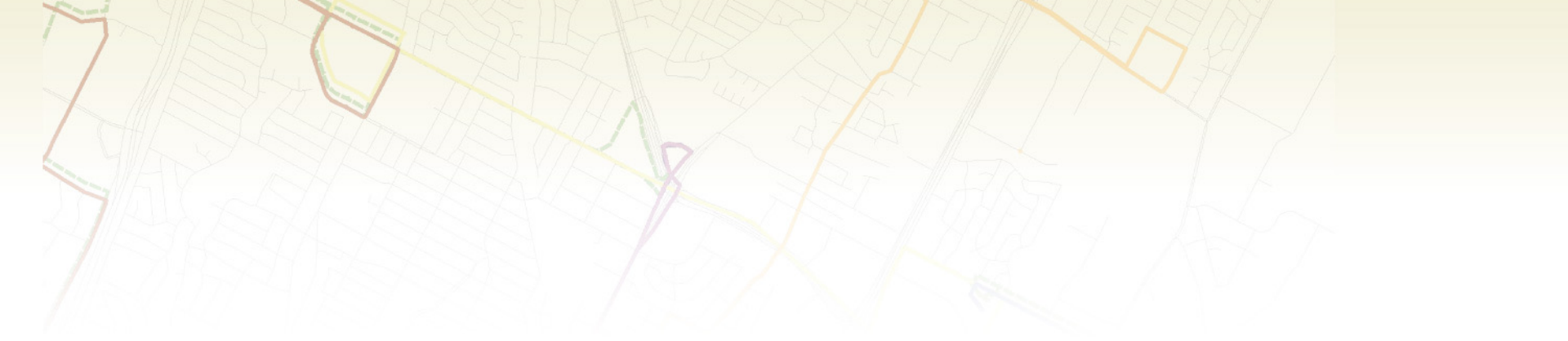
- ◆ **Model Has Migrated from the Development Platform to the Cloud**
- ◆ **Working with Ohio DOT and Their Statewide Mobility Management for Field Testing**
 - RLS Internal Testing
 - Field Testing by NEMT Providers
- ◆ **Modifications to the Model Based on Field Testing**



Where We are Today

- ◆ **Migration of Map Platform**
- ◆ **Batch Entry of Origins/Destinations**
- ◆ **Documentation Preparation and User Manuals**

- ◆ **With That, Let Look at the Model**



Demo 1

DEMONSTRATION 1

Organization Identification

NEMT Cost Calculator



- 1 Update Agency Info
- 2 Update Organization Info
- 3 Update Contact Info
- 4 Update Mode Info



Please Update Your Organization Information

Name of Transportation Entity *

DemoTwo

Doing Business As

Demo2

Street Address 1 *

555 Main Street

Street Address 2

City *

Eaton

State *

Ohio

Zipcode *

45590

Back ◀

Next ▶

Save

Organizational Status Input

NEMT Cost Calculator



1 Update Agency Info — 2 Update Organization Info — 3 Update Contact Info — 4 Update Mode Info



Which Best Describes Your Transportation Entity?

- County, Municipal, or Regional Government Organization
- Transit Authority or District
- Nonprofit Organization
- NEMT Broker
- Managed Care Organization
- For-profit Transportation Company

Back ◀

Next ▶

Save

Contact Information

NEMT Cost Calculator



- 1 Update Agency Info — 2 Update Organization Info — 3 Update Contact Info — 4 Update Mode Info

×

Please Update Your Contact Information

First Name *	Last Name *
Ringo	Star

Title *

CFO

Contact E-mail *

rstarr@rlsandassoc.com

Office Phone *	Mobile Phone *
(937) 299-5007	(910) 352-4323

Back ◀

Next ▶

Save

Service Data



Enter Service Data About Your Transportation Service

	Human Service Agency Transportation	Total
Total Vehicle Service Hours from Previous Year	<input type="text" value="21,694"/>	21,694
Total Vehicle Miles from Previous Year	<input type="text" value="292,522"/>	292,522
Total Number One-way Passenger Trips from Previous Year	<input type="text" value="16,821"/>	16,821
Total Number of Passenger-Miles	<input type="text" value="361,324"/>	361,324
Maximum number of vehicles in service at any one time	<input type="text" value="0"/>	0

Back [Next](#) [To Financial Data](#) [Save](#)

Certification



Please Certify that the Budget Information You Provide is Accurate

To Whom It May Concern:

This is to certify that I have reviewed the cost allocation data submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this Cost Allocation Model to establish a distribution of shared or indirect costs in support of any public or specialized transit service for any other state or local, public or private human agency are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of 2 CFR § 200. Unallowable costs have been adjusted for in allocating costs as indicated in this cost allocation model.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect or shared costs in this model have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the purchaser of transportation services will be notified of any accounting changes that would affect the rates projected in this model.

I declare that the foregoing is true and correct. I understand that the representations made by my organization in developing this cost allocation model are subject to the criminal provisions of 18 U.S.C § 1000 if I have knowingly and willfully made false statements in the representations presented herein.

I agree to the terms outlined in this agreement.

Financial Data

NEMT Cost Calculator



✕ What Financial Data Would You Like to Work On?

5010 - Labor	5020 - Services	5030 - Materials and Supplies	5040 - Utilities	5050 - Casualty and Liability Costs
5060 - Taxes	5090 - Miscellaneous Expenses	5100 - Purchased Transportation	5210 - Interest Expenses	5220 - Lease Expenses
5260 - Depreciation	5290 - Other Reconciling Items	5300 - Indirect Expenses		

Total Directly Operated Services ⓘ	Total Purchased and Other Expenses ⓘ	Grand Total of All Expenses ⓘ
\$661,514.90	\$0.00	\$661,514.90

Financial Data



5010 - Labor Information

Save

#	Title	Human Service Agency Transportation	Ineligible Expenses	Total
5011	Operator Salaries & Wages	\$304,529.00	\$0.00	\$304,529.00
5012	Operator's Paid Absences	\$0.00	\$0.00	\$0.00
5013	Other Operations Personnel Salaries & Wages	\$0.00	\$0.00	\$0.00
5014	Other Operations Peronnel Paid Absences	\$0.00	\$0.00	\$0.00
5015	Administrative Salaries & Wages	\$96,102.00	\$0.00	\$96,102.00
5016	Administrative Peronnel Paid Absences	\$0.00	\$0.00	\$0.00
5017	Operator Fringe Benefits	\$44,304.00	\$0.00	\$44,304.00
5018	Other Operations Personnel Fringe Benefits	\$0.00	\$0.00	\$0.00
5019	Administrative Personnel Fringe Benefits	\$15,008.00	\$0.00	\$15,008.00
Subtotal - Labor		\$459,943.00	\$0.00	\$459,943.00

Trip from Home to Local Hospital

× Price a Medicaid Trip

Price Per "Direct" Mile ⓘ

Trip Name *
Test

Origin *
325 Lincoln Street, Eaton, ...

Destination *
450 Washington Jackson ...

Calculate Miles

Total Miles
2.17

Fully Allocated Cost Per Passenger Mile for this Trip

Trip Cost
3.71

mapbox

© Mapbox © OpenStreetMap Improve this map

View Table of Results

Save Trip

Trip from Home to Primary Care



Price a Medicaid Trip

Price Per "Direct" Mile i

Trip Name *

Test2

Origin *

325 Lincoln Street, Eaton, ...

Destination *

500 North Main Street, Le...

Calculate Miles

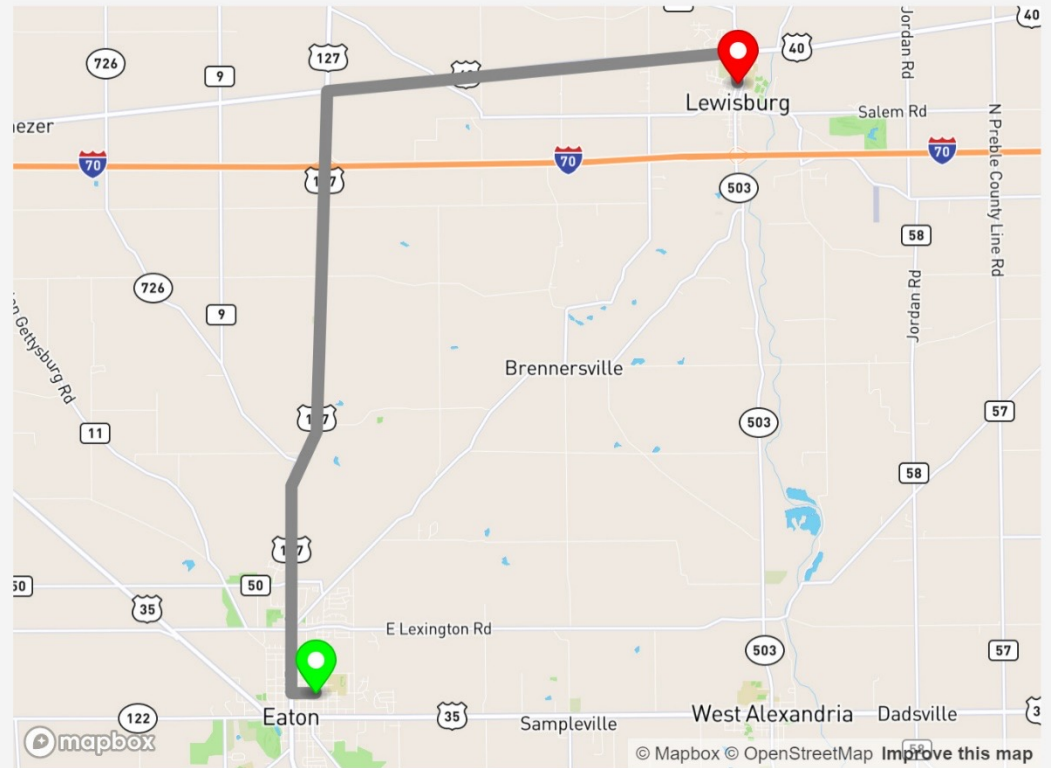
Total Miles

12.37

Fully Allocated Cost Per Passenger Mile for this Trip

Trip Cost

21.1



View Table of Results

Save Trip