MEDICAID TRANSIT PASSES:
A Winning Solution for All

Department of Health and Human Services
Department of Transportation

MEDICAID TRANSIT PASSES
The Good News Story

Issuing a tiny bus pass is translating to million dollar savings in Medicaid transportation these days... and million dollar revenues for transit authorities.

The savings then free up funds to expand Medicaid services. Meanwhile, public transit agencies increase their revenues and can provide more and/or better services.

When appropriate, it's a matter of shifting physically able Medicaid participants from paratransit (which could cost about 10 times the cost of transit fares) to transit services. Instead of paying for paratransit services, physically able Medicaid clients, with access to a bus route, are issued a monthly bus pass.

Take a look at the numbers, based on experiences so far:

• Nationwide, 13.6 percent of the population receive Medicaid assistance.

• If only 0.5 percent (conservative number) of the eligible Medicaid clients in the nation’s 20 largest metropolitan areas were shifted to transit, annual savings of about $108 million could be realized.

• If 1.0 percent used transit, the savings would be about $215 million per year.

• Projecting additional fares to transit agencies at 20 percent of the savings to the Medicaid program—a figure based on experience in Miami-Dade County, Florida—transit authorities in the nation’s 20 largest metropolitan areas could gain as much as $21 to $43 million annually.

Medicaid: What it is; What it does

Title XIX of the Social Security Act is a Federal-State matching program that pays for medical assistance for certain vulnerable and needy individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965.
Medicaid is one of the largest sources of funding for medical and health-related services for America’s poorest people. In 1996, it provided health care assistance to more than 36 million persons, at a cost of $160 billion dollars.

Within broad national guidelines established by Federal statutes, regulations and policies, each State: 1) establishes its own eligibility standards; 2) determines the type, amount, duration, and scope of services; 3) sets the rate of payments for services; and 4) administers its own program.

A person who is eligible for Medicaid in one State might not be eligible in another State; and the services provided by one State may differ considerably in amount, duration, or scope from services provided in a similar or neighboring State. Medicaid eligibility and/or services within a State can even change during the year.

WHAT ARE MEDICAID TRANSIT PASSES?

For several decades, many human service agencies, including Medicaid, have needed to provide special transportation services to their clients to get them to required destinations. These agencies either purchased and operated their own vehicles or purchased transportation from others. This approach may be costly, inefficient and difficult to manage.

Medicaid Transit Passes involve the local or state Medicaid office (or an agency appointed or subcontracted by them) contracting with the local transit authority to purchase monthly transit passes. These transit passes are then distributed to Medicaid clients who are able to use public transportation for medical travel needs.

Medicaid Transit Passes: a Win-Win-Win

Public transportation benefits:

- Maximizes the use of existing vehicles
- Increases revenues
- Increases ridership (primarily off peak, evenings and weekends when capacity is available)

Medicaid agency benefits:
• Substantially increases the cost-effectiveness of the transportation services purchased for clients
• Maximizes the use of transportation dollars
• Generates transportation cost savings that can be applied to serving more clients or expanding other program areas
• Improves the mobility, independence and quality of life of clients

Transportation disadvantaged persons benefits:
• Eliminates the need for advance scheduled reservations
• Provides greater mobility and independence
• "Mainstreams" riders with general public instead of segregating them in paratransit vehicles
• Provides transit options

The Health Care Financing Administration (HCFA) noted in a December 1996 letter to State Medicaid Directors that monthly bus pass programs can be used if they are cost-effective and appropriate to the individual's needs and personal situation.

The transit passes offer the opportunity of multiple trips per month at a great savings to the Medicaid agency. Local conditions will, however, affect specific break-even points such as the proportion of Medicaid recipients in the population, the numbers of medical trips per month required, and the local costs of monthly transit passes.

Medicaid Transportation—How Transit Passes Fit In

Persons served by the Medicaid program—certain children and adults in low income households—often lack reliable transportation. This interferes with their ability to obtain the medical care they need and can receive through the Medicaid program.

Federal regulations mandate that each State Medicaid agency must describe how they will "ensure necessary transportation for clients to and from providers" for clients without their own transportation.

Each state designs and operates its own Medicaid transportation program; as a result, there are large differences in non-emergency Medicaid transportation programs among the states.
DIFFERENT TYPES OF MEDICAID TRANSIT PASS activities

There are several different models of Medicaid Transit Pass activities. This brochure highlights the following models:

- Connecticut Statewide, operated through brokered services
- Florida Countywide, operated by county government
- Pennsylvania Citywide, operated by a private non profit
- WASHINGton Countywide, operated through a brokered system
- New Jersey Pilot program in two counties overseen by state government.

Most of the State Medicaid offices that use Medicaid transit passes bill the Federal Medicaid program for eligible trips as an administrative expense...not under the medical expense category. This allows the states to have more control over the management of the program; more specifically, the brokers can determine which transportation providers will be used (eliminating the clients’ option to specify a particular transportation provider under the "freedom of choice" rules that govern state Medicaid expenses reimbursed by the Federal government under the medical expense category).

When brokers can select which transportation provider to use, they can provide more rides with increased cost-effectiveness. Examples follow:

THE STATE OF CONNECTICUT

Over $4 million saved

Medicaid medical transportation in Connecticut is administered by Managed Care Organizations (MCOs) and the state’s Department of Social Services. MCOs are responsible for providing medical transportation for about 220,000 of the state’s 310,000 Medicaid clients. The state directly administers transportation benefits to the remaining 90,000 clients.

Transportation services administered by the State: On February 1, 1998, the Connecticut Department of Social Services implemented the non-emergency medical transportation brokerage project, administering transportation benefits to its 90,000 clients through contracts with transportation brokers. The purpose of the project is to ensure that quality medical transportation services are provided at a minimum cost. This project resulted in a savings to the department of approximately $3 million during fiscal year 1998-99.
The target population for state-administered Medicaid non-emergency transportation services is persons eligible under the Connecticut Medicaid and General Assistance Programs in the department’s five geographical regions who are not enrolled in a Medicaid Managed Care Plan. The majority of these clients are elderly and disabled.

The transportation brokers are responsible for: coordinating trips through subcontracts between the transportation vendors and the brokers; marketing and outreach; maintaining a sufficient number of phone lines to accommodate client calls; maintaining a sufficient number of dedicated vehicles for demand response trips; resolving complaints and grievances; operating and maintaining a quality assurance system to measure service quality and timeliness; and compliance with the department’s reporting requirements.

The department makes monthly payments to the brokers based on a per person rate. These rates reflect the results of competitive bidding and the department’s estimate of the monthly enrollment and transportation costs that would otherwise occur in the fee for service setting.

There are approximately 2,539 fee for service clients who receive bus passes each month, and 378 fee for service clients who are on the mileage reimbursement program, under the non-emergency transportation brokerage project.

Transportation services administered by Managed Care Organizations: In 1996, Connecticut MCOs began issuing contracts to private transportation brokers to handle their non-emergency Medicaid transportation needs. Three of the state’s five managed care plans now contract with transportation brokers; the two others coordinate transportation services directly for their members.

Unlimited transit pass trips=$38
Only 2 paratransit trips =$38

The brokers’ extensive use of public transportation and ADA paratransit providers created significant cost reductions. Prior to the brokerage contracts, nearly all rides had been provided through livery or taxi services. The brokers often use transit passes for Medicaid clients requiring frequent trips for medical services. A transit pass usually costs about $38 per month, compared to a paratransit livery ride which costs about $19.00 per trip. Thus, for any client who makes more that two Medicaid trips per month, the pass is more cost-effective than rides taken using livery or taxi services.

If an average MCO Medicaid client needing transportation takes six trips per month, the difference between trips taken using a transit pass instead of livery or taxi would equal $76 per person per month. About 21,000 MCO Medicaid trips are taken each month, 8,400 of which are on public transit. At six trips per month,
this means that about 1,400 MCO Medicaid clients per month use transit passes, and that their transit pass use creates a savings of $106,400 per month for MCO Medicaid transportation. Annually, this is a savings of about $1.28 million for the MCO-sponsored clients, which is in addition to the savings generated for clients served by the state-administered program.

For more information about Connecticut’s Medicaid program, contact Zantia McKinney at the Department of Social Services, 860-424-5135.

DADE COUNTY, FLORIDA

$19 million saved through bus passes; $5 million in new revenue to transit

Florida’s Metro Dade County Transit Authority (MDTA) looked at the portion of the Medicaid eligible individuals who were transit dependent, used conventional transportation for all their daily non-medical trips and used door to door Medicaid paratransit trips for their medical appointments.

MDTA then compared the cost of the paratransit trips to the cost of a monthly transit Metropass, inclusive of administrative fees. The cost of a Discount Metropass was slightly less than that of a paratransit round-trip and it was determined that the break-even point for the agency would be the third one-way trip.

Since its inception in May 1993, over 9,000 Dade County residents have participated in the Metropass program for at least one month. Metropass currently averages approximately 4,800 users per month, a figure just over one percent of the total number of Medicaid recipients in Dade County.

In order to qualify for the Metropass Program the Medicaid recipient must be able to use public transportation on a regular basis, and must make six or more one-way trips per month for three consecutive months. Medicaid will no longer pay for door-to-door medical trips once an individual becomes part of the Metropass program.

The MDTA has developed a packet that can be used by agencies in other areas of the country to establish a transit pass program of their own.

• For more information about the Dade County Medicaid Metropass program, contact: John Garcia or Sheila Winitzer of the Metro-Dade Transit Agency, 305-637-3740.

VOLUSIA COUNTY, FLORIDA
Medicaid saves nearly $3 million; transit revenues increase nearly $500,000

In June 1995, the Volusia County Transit Authority (VOTRAN), in conjunction with AHCA Medicaid management, implemented a bus pass program for Medicaid recipients who had a minimum of three round trips scheduled to a Medicaid compensable service during the month.

The cost of a monthly pass to Medicaid was established at $33.95 per month for unlimited rides on the fixed route service. Three round trips on paratransit would cost $95.88 and would limit the recipient to those trips only.

Only three paratransit trips =$95.88; a month of transit pass travel =$33.95

ACT Corporation, a local agency providing five day a week therapeutic services to clients on Medicaid, participated in the initial phase by identifying 35 clients who could manage the fixed route system. The first phase of the bus pass program was successful and the program has since opened to other agencies and individuals who can access fixed route services.

• For more information about the VOTRAN program, contact: Dick McCormick, Customer Service Manager, 904-756-7469. State Medicaid Director is Rick Lutz, 850-488-2520.

PHILADELPHIA, PENNSYLVANIA

Medicaid Savings Equal

$2.7 million per year

The Pennsylvania Medical Assistance Transportation Program (MATP) is a county-based program utilizing local transportation providers and direct management at the local level. The MATP is operational in 66 of Pennsylvania’s 67 counties.

Under MATP, WHEELS, Inc. was awarded a five-year contract in FY1994 (with annual budgets of $16 million) by the Department of Public Welfare to coordinate their trips to medical services for Philadelphia residents who were medical assistance clients.

WHEELS’ mission is to improve the quality of life of individuals by coordinating and/or providing non-emergency transportation for medical treatment for those who are unable to travel any other way.
Using the HCFA’s administrative reimbursement option instead of the medical reimbursement option, WHEELS operates a brokerage to direct clients to the appropriate travel mode, either the fixed route transit system or a paratransit ride from one of ten local subcontractors.

Transpass saves $150 per person, per month

More than 4.5 million Medicaid trips are provided each year statewide, about one half of which take place in Philadelphia. WHEELS provides more than two million client trips per year, including more than one million via paratransit. In doing this, WHEELS achieved the lowest per trip cost among Pennsylvania’s Medicaid transportation programs. (Pennsylvania’s statewide costs per trip are among the lowest in the nation.)

Bus pass uses include frequent trips to various drug and alcohol rehabilitation services. Therefore, substantial savings are realized when a transit pass is used.

In any given month, an average of 1,500 persons are reimbursed for the equivalent of a Transpass. Were these persons to be reimbursed on a per trip basis for transit trips, the travel costs would be at least $90,000 higher each year.

With paratransit trips approximately 10 times more costly to the Medicaid program than fixed route transit, the cost savings of reimbursing Medicaid clients for Transpass use instead of paratransit generally exceeds $150 per person per month.

The potential cost savings from this program in Philadelphia equal about $2.7 million per year.

• For more information about the WHEELS, Inc., contact: Reginald Knowlton, Executive Director, 215-563-2000. State Medicaid Director is Robert Zimmerman, 717-787-1870

THE STATE OF WASHINGTON

More rides at lower cost

Washington State’s approximately 750,000 Medical Assistance clients reside in 13 substate regions, each of which has a broker who is responsible for client transportation. Through the Nonambulance Transportation Program, the Medical Assistance Administration (MAA) assures access to necessary non-emergency medical services for all Medicaid clients who have no other means of transportation. MAA contracts with nine organizations to screen client requests for eligibility, and to arrange the most appropriate, least costly method of transportation for the client, including (from least to most costly): public bus, gas vouchers, client and volunteer mileage reimbursement, non profit providers, taxi, ambulance and commercial bus and air.
Transit passes are distributed to Medicaid clients who are able to use fixed route transportation. Under the brokered system, MAA has provided more rides at a lower cost than was possible under the centralized system that existed prior to brokering.

In FY 1996, MAA transportation programs throughout the State of Washington provided 35,000 medical trips per week at an average cost of $11.81 per trip. Forty percent of these trips were taken on public transit.

The King County Regional Experience—annual savings top $300,000

One of the 13 regions is King County, which includes Seattle. King County Metro and the Washington State Department of Social and Health Services (DSHS) issued a joint procurement for an agency to broker ADA and other similar types of rides for King County Metro and Medicaid rides for King County.

The Multi-Service Centers of North and East King County (MSC) is a private, non-profit agency that provides brokerage services under contract. The average cost of a MSC paratransit ride is $18.56 per one way trip.

In 1997, King County Metro provided 210,690 medical trips through the use of 6,721 passes for a total cost of $300,436. The savings realized by providing these trips on fixed route buses instead of paratransit was $3,609,970.

• For more information about the King County program, contact: Lynn Moody, MSC, 425-861-1464. State Medicaid Director is Jane Beyer, 360-902-7807.

THE STATE OF NEW JERSEY: DEMONSTRATION PROJECT

The New Jersey Department of Transportation, New Jersey Transit and New Jersey Department of Human Services are pursuing several pilot programs with respect to Medicaid transportation. These efforts focus on Hudson and Essex Counties (two of the three most urbanized areas in the state) where the State arranges the Medicaid transportation directly (instead of it being arranged by a county agency).

For the short term, Hudson and Essex counties have begun a small pilot to distribute monthly bus passes to Medicaid clients whose medical trips justify the cost. The bus pass pilot has been in place since November 1997 and more than 460 monthly passes have been distributed in the two counties over a three-month period.

A longer term solution currently in the planning stages is to establish a transportation broker to arrange transportation, through subcontracts, through the distribution of bus passes or other means for Medicaid and Work First NJ (welfare) participants.
• For more information about the New Jersey demonstration projects, contact: Kyra Tirana Barry, New Jersey DOT, 973-491-7105. State Medicaid Director is Margaret Murray, 609-588-2600.

References


For further information about Medicaid transportation services, see Designing and Operating Cost-Effective Medicaid Non-Emergency Transportation Programs, prepared by the Health Care Financing Administration and the National Association of State Medicaid Directors’ Non-Emergency Technical Advisory Group, published by the American Public Welfare Association, Washington, D.C., June 1998.

Persons interested in implementing programs involving Medicaid transit passes should contact their State Medicaid agency. A list of these agencies can be found at HCFA’s website on the world-wide web at www.hcfa.gov.

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