Pennsylvania Public Transportation Association (PPTA) Testimony
Senate Health & Human Services and Senate Transportation Committees
Joint Informational Meeting on the Medical Assistance Transportation Program
November 20, 2019

PPTA is pleased to offer testimony to discuss the Commonwealth's potential shift to a full-risk brokerage model for the Medical Assistance Transportation Program, or MATP. My name is Tim Geibel, PPTA Chairman and General Manager of Crawford Area Transportation Authority and Venango County Transit. I would like to thank Senator Brooks and Senator Ward and members of the Senate Health and Human Services Committee and Transportation Committee for your leadership on this issue and for the opportunity to speak. Alongside me today are my colleagues Susan Kopystecki, Executive Director of Suburban Transit Network and Alan Blahovec, Executive Director, Westmoreland County Transit Authority.

Pennsylvania's transit systems have provided a nationally recognized, coordinated, shared ride public transportation model, including medical transportation, for almost 40 years. Our state's shared ride model provides cost-effective transportation through this collaboration. Coordinating MATP service with other human services passengers, like seniors and persons with disabilities, enhances overall productivity and lowers the cost per passenger trip. This coordinated model of delivery also allows consumers to make one call to schedule all of their transportation needs.

In 2018, a study by the Transportation Research Board identified national models for the provision of MATP. Pennsylvania was highlighted as a model for efficiency for our coordinated transportation service. The study also reported that under the current system, Pennsylvania delivers more MATP trips than any state with a comparable population – all while maintaining the fifth lowest per-trip cost in the nation for MATP services.

While the future of MATP in our state is currently a topic of considerable discussion, there is substantive, bi-partisan support for protecting our coordinated, low-cost, and highly effective transportation systems – as witnessed by the more than 100 legislative co-sponsors who joined together earlier this year to ensure the General Assembly could "Stop and Study" MATP prior to any contract award for a full-risk brokerage model.
This concept also received substantive support at the local level throughout the state, and more than 25 counties passed resolutions in support of asking the General Assembly to "Stop and Study" prior to any contract award for brokering MATP.

As part of this proceeding, it is important to note that the requirement originally set forth in the 2018 legislation, Act 40, has been met. The Department of Human Services (DHS) does not have to do proceed with awarding a full-risk brokerage contract and in fact, there are many reasons why they should not:

- Full-risk brokerage threatens the decimation of rural transit across our state;
- Full-risk brokerage removes all input from local officials and communities;
- Full-risk brokerage negatively impacts MATP riders through safety concerns, loss of coordination with transit resulting in significant confusion in scheduling;
- Fragmenting coordination means riders pay more, yet get less service;

Under the current system, the Commonwealth only pays for trips that are actually provided. Under the full-risk broker model as structured by DHS in the Request for Applications (RFA), brokers will be paid by the number of members they manage, not the number of trips provided. This builds in a financial incentive for the full-risk broker to actually provide *fewer* trips and earn *more* profit, all at the expense of taxpayers and perhaps most importantly, those who depend on these vital services as a lifeline.

Ultimately, a full-risk brokerage will translate to fewer medical trips for Pennsylvanians and increased costs to taxpayers – a trend that has been repeated again and again in states across the nation upon converting to a full-risk broker for MATP. A full risk brokerage model for MATP services works against decades of state investment into coordinated transportation, fragmenting a system that currently creates efficiencies, as well as a greater provision of service, especially in rural areas. If MATP trips are removed from the coordinated service model, transit providers will be forced to either cut or discontinue service in communities, raise fares to offset the cost increases, or both.

In addition to the consequential impacts on consumers, converting to a full-risk brokerage model will result in other unforeseen impacts and unintended consequences, including:

- Increased burdens on already oversubscribed state funding sources, such as Lottery funds for the Shared Ride Transportation Program; and
- Reduced federal formula transportation funding, as separating out MATP rides from the current delivery model will diminish ridership numbers that currently count toward the formula used to determine federal funding for Pennsylvania.

Across the state, MATP exceeds 30% of the shared ride/paratransit programs. Removing MATP from the coordinated system will result in the need to increase revenue from the remaining funding sources, including the MATP Program, thereby increasing the cost to the Commonwealth by at least 23%, or $31.5 million annually.

Looking to the national level, there are no documented studies that highlight cost savings to states that choose to implement a full-risk brokerage model.

We have included as part of our testimony a simple illustration that shows how shared ride costs are impacted by the loss of MATP trips. The left side of the document shows an example of how three coordinated trips cover the cost of the hourly service. The right side of the document shows what happens when the MATP trip is removed from the coordinated service. As you can see from this example, the cost for removing one of these trips results in a 50% increase in fares for trips for seniors and persons with disabilities.

Through a substantive national review of literature, PPTA has gathered extensive information regarding states' experiences and ultimately, the failures of the full-risk brokerage model including: failed broker transitions, stranded passengers, fines to full risk brokers for non-compliance and more. The literature also substantiates how across the nation, full-risk brokerages have led to increased costs and significant increases in consumer complaints, all while leaving medical transportation riders without dependable transportation.

Below, we offer insight into experiences in other states to demonstrate some of the many impacts caused as a result of moving to a full-risk brokerage model:

Texas

According to a report issued by the Texas Legislative Budget Board in 2017, Texas' conversion of MATP to a full-risk broker model was intended to improve the cost-effectiveness of the program, but has not achieved this goal. After the implementation of a full-risk brokerage model, costs increased by 400%, access to service decreased, ridership declined by 50%, consumer complaints increased 300%, and fines were assessed to full risk brokers.

Costs: Costs increased by approximately $316.5 million since the introduction of full-risk brokers. Legislative Budget Board staff estimates full-risk broker model costs were approximately $120.2 million more in Fiscal Year 2016 than the prior fee-for-service model– all while serving less consumers and providing fewer trips.

Access Trends: Over this same six-year period, the percent of Medicaid clients actually served by the MATP program decreased by 50%. This decrease did not however result in any savings or lower costs to the state, rather, costs more than doubled as noted above.

Quality Trends: Complaints from MATP consumers more than tripled.

South Carolina

In 2007, the South Carolina Department of Health and Human Services introduced and implemented a brokerage for MATP. The following is one example of how many regional transit authorities in the state were impacted by this conversion.

Santee Wateree Regional Transportation Authority (SWRTA)

SWRTA is the public transportation provider for the Santee Lynches Region, which consists of four counties. Prior to the brokerage implementation, SWRTA also provided MATP service in three additional counties. SWRTA contracted with the broker for MATP service as part of the new model.

Challenges faced by SWRTA after implementation included:

- Detrimental decline in MATP trips over the five-year period;
- 60% reduction in workforce;
- 59% reduction in revenue vehicles; and
- Significant variation in trips per day ranging from 300 trips one day to 100 trips the following day.

In 2012, most public transit providers ended their contract with the full-risk broker, as the public transit providers were operating the program at a loss.

Maine

In 2014, Maine moved from a fee-for-service model to a regional, risk-based broker model. State officials claimed they were pressured by the Center for Medicare and Medicaid Services (CMS) to change their system. The state also claimed the change to a risk-based broker would be cost-neutral; however, program costs escalated by $5.4 million in the first full year Maine utilized a brokerage.

New Jersey

In July, 2009, New Jersey changed its county-based, fee-for-service medical transportation to a full-risk brokerage model, ending the administration of medical transportation at the county level. As a result:

- Less than one-third of county-based, public transportation providers currently contract with the broker;
- Service hours, geographic coverage, and riders served have all decreased as a result of the diminished funding in counties with no MATP broker contract because of the fragmentation of services; and
- The average cost per trip has increased due to the decline in coordination.

In 2017, the New Jersey State Auditor issued a report on their audit of the Department of Human Services Transportation Broker Services contract for fiscal years 2015 and 2016. The report concluded that the broker services rates were not reasonable when compared to the direct transportation costs of the prior model. The State Auditor's

calculation disclosed an excess capitation amount for the broker of at least $20.8 million during the two-year period.

DHS has the right to halt the RFA process prior to making an award recommendation. Quoting from the RFA: “The Department has the discretion to reject all applications or cancel the RFA, at any time prior to the time an agreement is fully executed.” CMS cannot force a state to convert to a full-risk brokerage model, as states retain the right to self-select how MATP is administered.

At the October 28, 2019 House Transportation Committee Informational meeting, DHS testimony indicated that the final report coming out of the analysis required by legislation will not make any recommendations. Given the language in Act 19 of 2019, DHS could immediately move forward with and award a contract once this analysis is complete, without awaiting consideration by, or input from, the General Assembly. When questioned at the Informational meeting regarding a potential award, DHS indicated that they are legislatively required to make an award and will thoughtfully consider the proposals moving forward with a potential award made within 2-3 months following the submission of DHS’s final analysis.

PPTA believes the intent of the legislation dictates otherwise and that the General Assembly must have the opportunity to review the analysis and consider all available options for the path forward.

Additionally at the Informational meeting questions were raised regarding additional methods for MATP delivery. Pennsylvania is not in a position where the only options for MATP are the current model or a full-risk brokerage contract. CMS affords the states the ability to operate under various models of brokerage which can include and is not limited to contracted brokers, government entity brokers or non-profit brokers. Testimony and questions answered at the Informational meeting focused on the concept of a Governmental entity broker and the potential of PennDOT to act as a broker. This concept could be an approved method of MATP service delivery that could afford the State the same level of reimbursement as a full-risk brokerage model all while ensuring the integrity of coordinated human service transportation.

For all of the reasons outlined above, we believe the implementation of a full-risk brokerage model as outlined in the RFA should not be pursued.

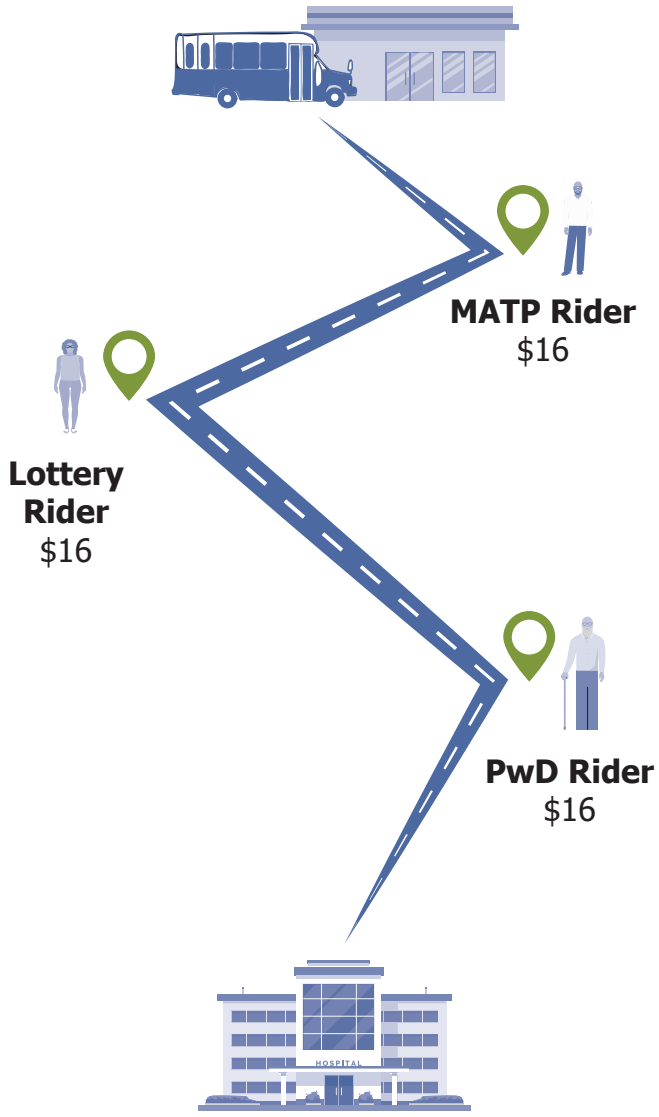
PPTA respectfully asks the following as part of the path forward on this issue:

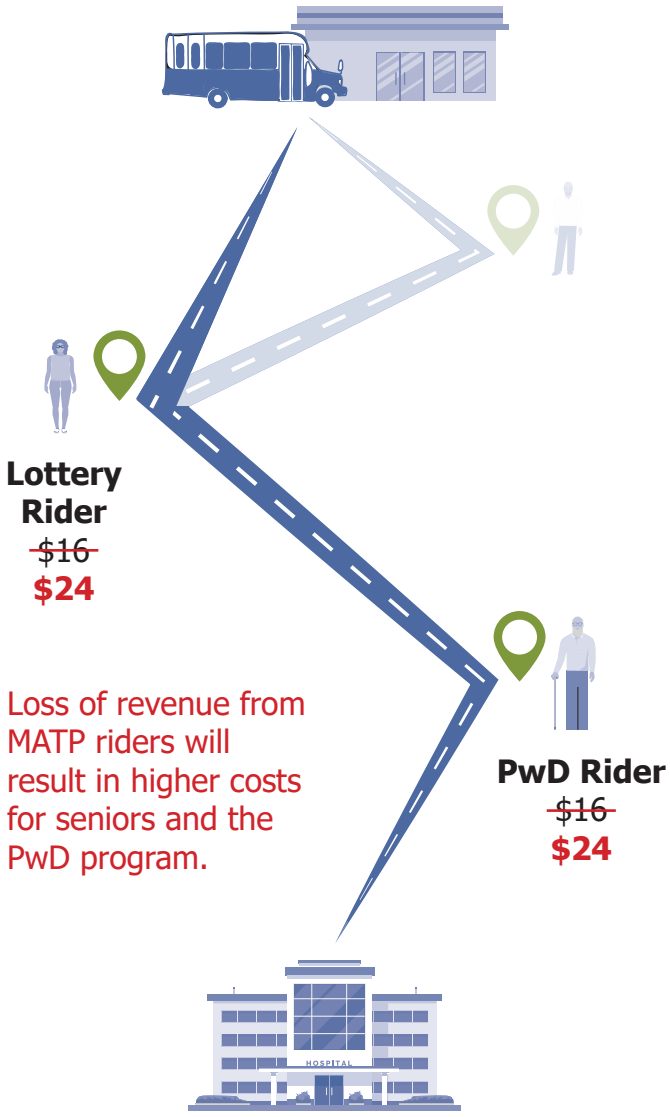
- No full-risk broker award be made by DHS before the General Assembly has the opportunity to review the legislatively mandated analysis, provide recommendations, and direct DHS with next steps.

- Give thoughtful consideration to alternative broker models that would ensure the continued coordination of all human service transportation programs.

In conclusion, PPTA supports a delivery system for MATP that is cost efficient, allows for local input and is fully coordinated with Human Service Transportation across all 67 counties in the Commonwealth. We believe there is great value in looking beyond a full-risk brokerage model as part of the path forward. A more in-depth analysis of various options is found in the attached document titled “PPTA White Paper on Public Brokers and DOTs.”

Shared Ride - MATP Broker Impact





COST OF SERVICE = $48/HR

REVENUE:

$16
$16
+ $16
$48

REVENUE:

Existing Fare Structure	Fare Increase
$00	$00
$16	$24
+ $16	+ $24
$32	**$48**

This scenario results in a 50% cost increase.

How Should Pennsylvania Deliver its Medical Assistance Transportation Program?

The PA Public Transportation Association (PPTA) supports a delivery system for the Medical Assistance Transportation Program (MATP) that is flexible, cost efficient, and maintains a coordinated, one-stop shop for all human service transportation needs. PPTA believes there is great value in looking beyond a full-risk brokerage model to deliver MATP. The current method of delivery complies with the Centers for Medicare & Medicaid Services (CMS) regulations and is cost effective and efficient. As such, consideration should be given to continue this long-standing, nationally recognized model. If the Commonwealth or the Department of Human Services (DHS) is seeking to utilize an alternative approach for MATP, a number of different options exist, some of which are outlined below.

Overview

The Medicaid program is operated as a state-federal partnership offering considerable flexibility and variety between states with respect to service delivery. Each state administers its own Medicaid program, consistent with CMS regulations and guidelines. The state role in administering the Medicaid program means there are significant state-to-state variations in program policies and operation, including MATP.

State spending for MATP can be reimbursed as a medical service expense or as an administrative expense for the purposes of federal matching. States choose the type of reimbursement, which in turn determines the federal reimbursement rate and the extent of the corresponding federal regulations. Under the administrative expense option, states have greater flexibility in the delivery of MATP service.

Listed below are several methods states utilize to operate MATP.

Pennsylvania's Current Model

Pennsylvania is reimbursed for MATP as an administrative expense in 66 of 67 counties*. Under the administrative expense option, Pennsylvania has greater flexibility in the delivery of MATP service. The Commonwealth's current method of delivery has been highlighted as a national model of efficiency for coordinated service, as Pennsylvania maintains the fifth lowest cost per trip in the nation while also delivering more MATP trips than any state with a comparable population. Many other states in the country also operate an administrative model for MATP.

Brokerage Model

The Deficit Reduction Act (DRA) of 2008 provided states with the flexibility to establish a MATP broker without regard to statutory requirement through a State Plan Amendment. The DRA places specific requirements on states including conditions for governmental brokers. DHS is currently pursuing this method to implement a regional brokerage as a result of Act 40 of 2018.

Waivers

The Social Security Act allows states to waive some of the federal requirements in the State Plan, with CMS approval. Many states use waivers for MATP. Waivers do not include the limitations of the DRA for governmental brokers. The two primary types of waivers for MATP are:

- **Section 1115 Demonstration Waivers.** States can apply for waivers to test and implement approaches that diverge from federal Medicaid rules. The purpose of these demonstrations is to use innovative service delivery systems that improve care, increase efficiency, and reduce costs.

**Philadelphia County has been operated by a broker since 1983 and is reimbursed as a medical service expense.*

- **Section 1915 (b) Managed Care Waivers.** States can apply for waivers to provide services through managed care delivery systems or otherwise limit beneficiaries' freedom of choice of providers.

Public Entities as Brokers
Several states contract with public agencies to serve as brokers for MATP services, some of which use federal waivers as defined above:

- In Massachusetts, the Human Services Transportation Office within the state's Medicaid agency has partnered with the Massachusetts Department of Transportation (MASSDOT) to coordinate transportation services for disadvantaged populations across programs, including MATP. The program contracts with six regional transit authorities to act as brokers to provide transportation services for eligible residents in nine regions.
- In Kentucky, the Office of Transportation Delivery within the Transportation Cabinet coordinates an approach that relies on local community-based brokers, many of which also operate as the rural public transit providers. Public transportation providers are used extensively to provide MATP services in Kentucky, along with private for-profit companies and non-profit human service transportation agencies.
- In Washington, the Washington Health Care Authority employs six community-based brokers that coordinate trips in 13 medical transportation regions. The public and nonprofit brokers include local planning agencies, councils on aging and other human service agencies, and several community transportation providers.
- In Vermont, the Department of Vermont Health Access contracts with the Vermont Public Transportation Association (VPTA) to provide broker services. VPTA is a regional network of public transportation providers, which subcontracts with a network of public transportation providers to ensure statewide access to medical transportation services.

Role of State Departments of Transportation (DOT)
Some states also utilize their Department of Transportation (state DOT) as part of the coordination and provision of MATP services. Texas contracted MATP services to the Texas Department of Transportation (TxDOT) from 2003 to 2007, before implementing a switch to the brokerage model under the Deficit Reduction Act. Programs in Massachusetts and Kentucky described above that use public entities as brokers at the local level are coordinated in whole or in part through their state Departments of Transportation. These programs have been cited as national models of cost effectiveness.

Source: *Transportation Cooperative Research Board Research Report 202 – Handbook for Examining the Effects of Non-Emergency Medical Transportation Brokerages on Transportation Coordination, 2018*