



## Federal Health Care Reform: Implications for Public Transit

Pepper Santalucia, ICF International  
Bethany Whitaker, Nelson\Nygaard

October 17, 2013

icfi.com | Passion. Expertise. Results.

### Presentation Overview



- Project Purpose and Timeline
- Overview of Affordable Care Act and Relevance to Public Transit
- Public Transit's Involvement in Medicaid Non-Emergency Transportation
- Case Study Example
- Q &A

icfi.com | Passion. Expertise. Results.

1

## Project Purpose and Timeline



- Purpose: Early assessment of potential impacts of the Affordable Care Act (ACA) on public transit agencies and operations.
- Research conducted April 2011 – June 2012.
- Research steps:
  - Assess pre-existing laws & rules governing how public transit participates in health care-related transportation.
  - Identify ACA provisions most relevant to transit.
  - Prepare 5 case studies of transit agencies.
  - Suggest how public transit can monitor and communicate the impacts of the ACA.

## Overview of the Affordable Care Act and Provisions Most Relevant to Public Transit

## Why Should Public Transit Care About Federal Health Care Reform?



- Most dramatic overhaul of the American health care system since the creation of Medicare in 1965.
- As many as 32 million were expected to obtain health insurance coverage, about half through Medicaid expansion (prior to Medicaid expansion becoming optional).
- Medicaid is the federal government's largest provider of human services transportation, spending between \$2B and \$3B annually.

## Components of the ACA Most Relevant to Public Transit



- Measures to increase number of Americans with health insurance coverage:
  - Expansion of Medicaid eligibility
  - Individual mandate
  - Health benefit exchanges
- Measures to increase availability of health care services in underserved areas (e.g., more funding for community health centers).
- Measures to reduce incidence of health care fraud.

## Medicaid Expansion in the ACA



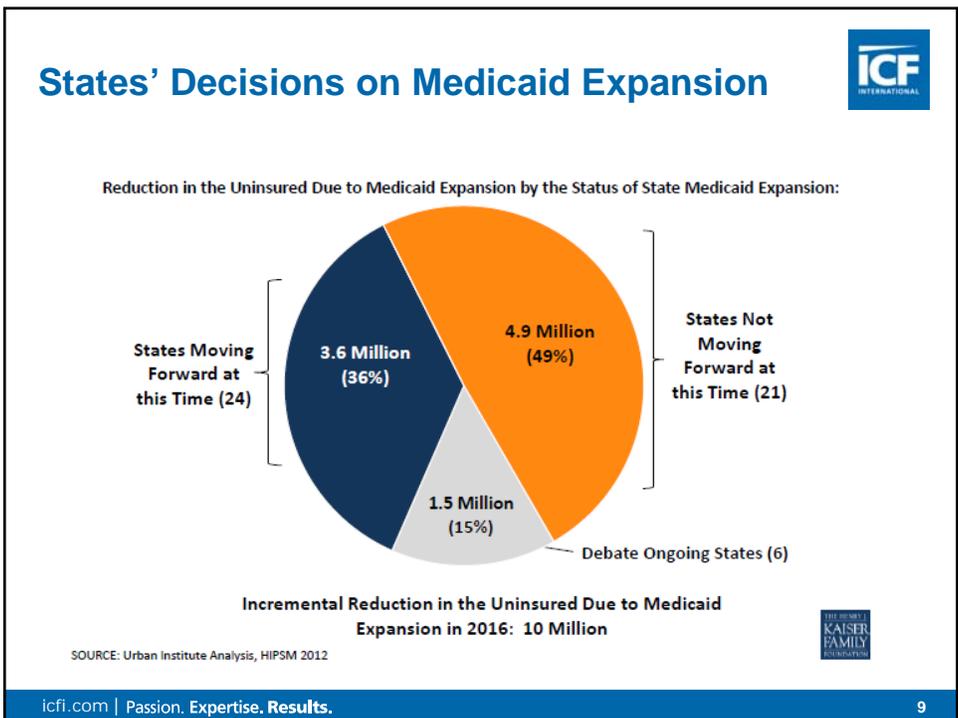
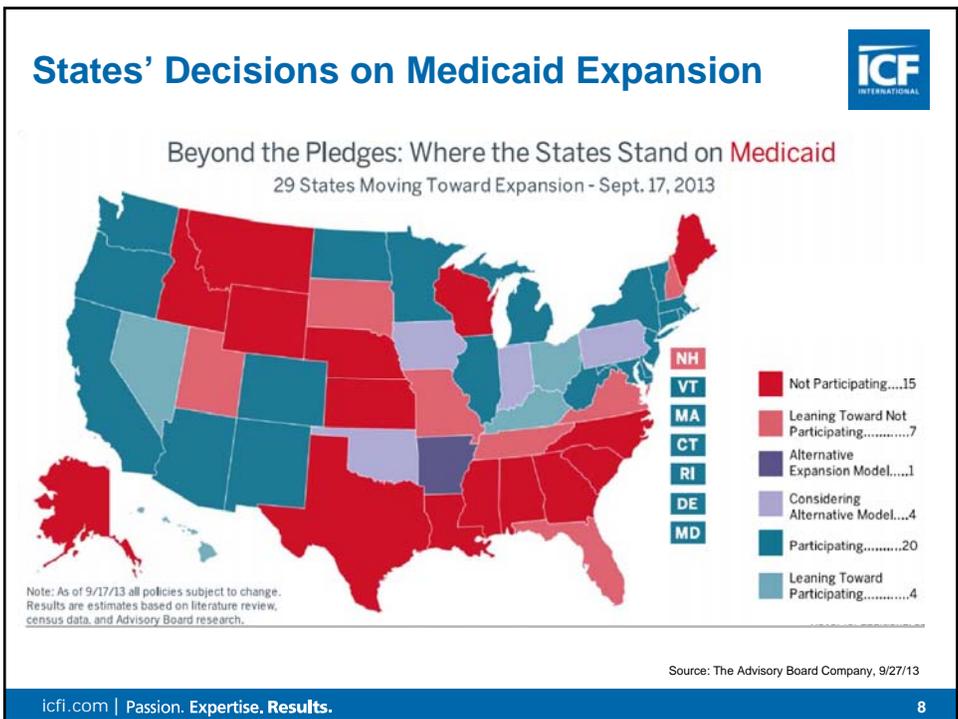
- Expanded Medicaid eligibility to nearly everyone under age 65 up to 133% of the federal poverty line.
- Initially required States to go along or risk losing other Medicaid funds.
- 100% federal funding for Medicaid expansion at outset, declining to 90% in future years.
- Initial estimates: 16 million people to obtain Medicaid coverage by 2019.
- Supreme Court ruling in June 2012: States can opt out of Medicaid expansion without losing existing Medicaid funding.

## Projections of Medicaid Increases



	Baseline Enrollment	Projected Increase in 2019	% Increase Relative to Pre-ACA Baseline
Nevada	221,000	137,000	62%
Oregon	486,000	295,000	61%
Texas	4.0M	1.8M	46%
Mississippi	779,000	321,000	41%
California	10.0M	2.0M	20%

Source: John Holahan and Irene Headen, Urban Institute, for Kaiser Commission on Medicaid and the Uninsured, May 2010.



## Medicaid's Non- Emergency Medical Transportation (NEMT)

*Overview of Service*

*Current service delivery models*

10

## Non-Emergency Medical Transportation



- Medicaid identifies transportation as barrier to health care access, and provides transportation to Medicaid-eligible individuals traveling to Medicaid-eligible activities.
- Program administration:
  - Trips can be made 24/7.
  - 24-hour advance reservation required.
  - Medicaid will pay for least-cost, medically appropriate mode.
- Program costs range between \$2B and \$3B annually.
- Historically some challenges using public transit.

## Public Transit Involvement in Medicaid NEMT



- States have different models for delivering NEMT, which means different opportunities for public transit agencies:
  - Some serve as NEMT brokers, although number has decreased (e.g., MA, ME, VT).
  - Many provide NEMT trips.
- Shift to private, for-profit brokerages changes public transit's relationship with a State's NEMT program.

## Potential Impacts of the ACA on NEMT



- Research team hypotheses:
  - Large increase in Medicaid population could translate into increased demand for NEMT trips.
  - Efforts to control cost of NEMT could result in more NEMT trips being shifted to transit.
- For case studies, research team asked State DOTs, State Medicaid programs, and transit agencies about:
  - Expectations for increase in number of NEMT trips.
  - Any plans to manage expected increase.
  - Tools and data that could be used to track impacts of ACA on transit.

## Case Study Research

14

### Case Study Selection Criteria



- States expected to see >25% increase in Medicaid populations.
  - Exception: MA transit agency chosen because of state's early implementation of health care reform.
- Geographic spread and range of settings (rural, small urban, and urban).
- Different service delivery models for transit and Medicaid NEMT services.

CASE STUDIES

## Case Study Subjects



- Bis-Man Transit (Bismarck-Mandan, ND)
- Jackson Transit Authority (Jackson, MS)\*
- Montachusett Area Regional Transit (MA)
- Whatcom Transportation Authority (Bellingham, WA)
- Southwest Georgia Regional Commission (GA)\*



\* States giving some indication of opting out of Medicaid expansion



MART service area

## Case Study: Massachusetts

*Montachusett Regional Transit Authority  
Fitchburg/Boston, Massachusetts*

## Massachusetts



- Implemented health care reform in 2006
  - Model for several aspects of ACA
  - Estimates of impacts range – at high end 400,000 people received insurance (Census)
- Impact from ACA on Massachusetts not expected to be significant
  - 2-5% increase in enrollment
  - 30,000 to 75,000 individuals

## Massachusetts



- Human service transportation service delivery
  - Human Service Transportation Office
    - *Under Executive Office of Human and Health Services*
  - Regional Brokerage Model
    - *Public transit operators operate as brokers*

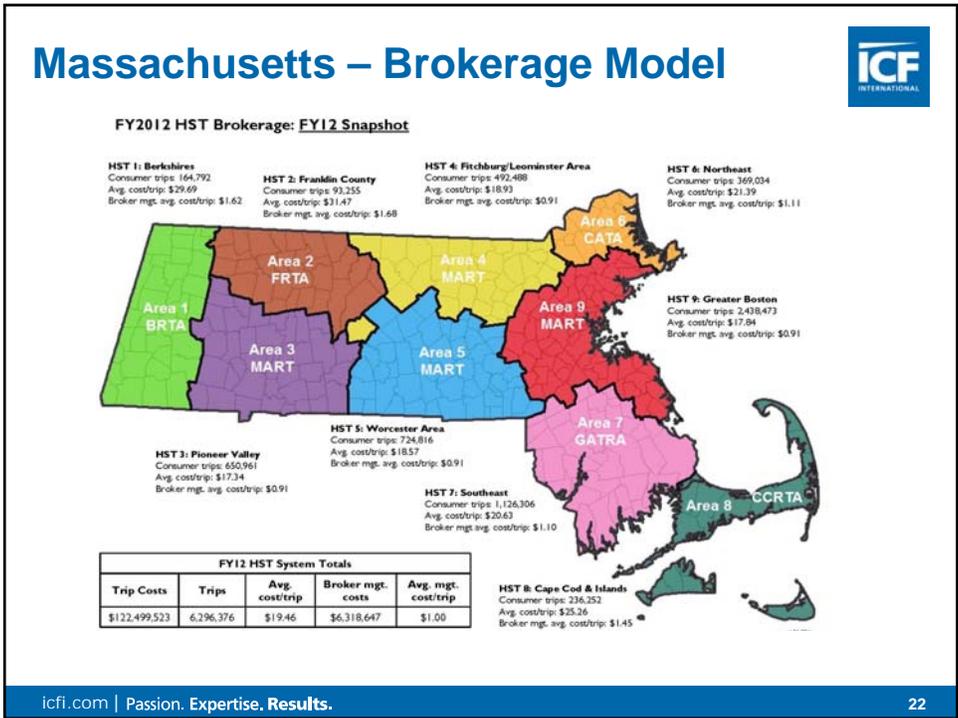
## Massachusetts



- Human Service Transportation Office manages:
  - MassHealth – Non-Emergency Medical Transportation
  - Department of Development Services
  - Department of Public Health, Early Intervention Program
  - Mass Rehabilitation Commission
  - Mass Commission for the Blind
  - Department of Mental Health

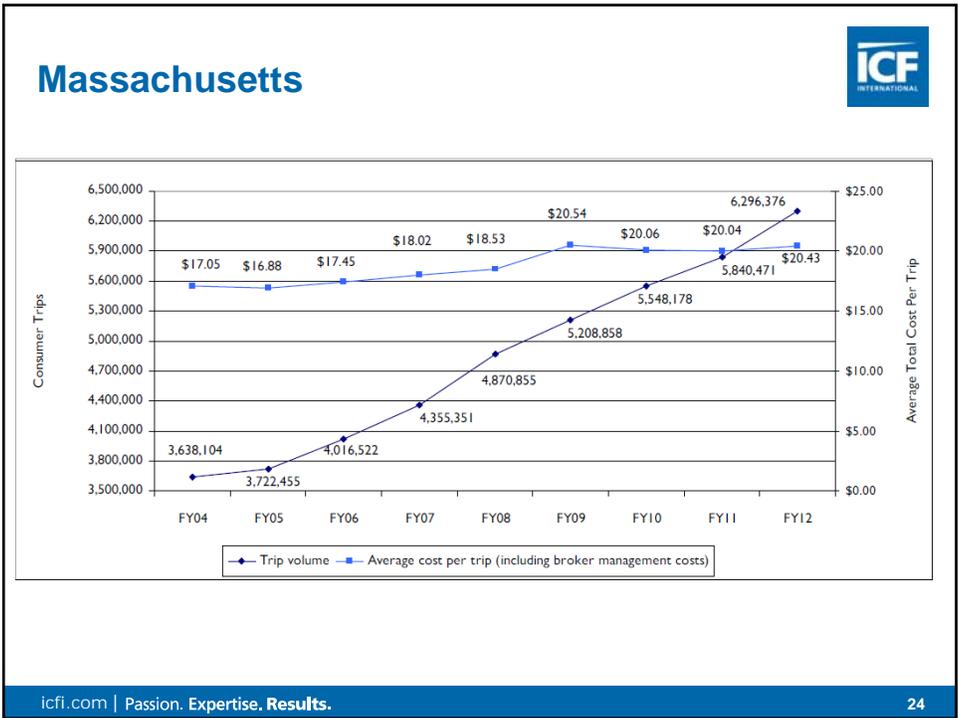
## Massachusetts – Brokerage System





## Use of Transit for NEMT Trips

- Strong commitment to using transit operators as brokers
  - But less focus on public transportation
- Will reimburse transit tickets after trip is taken
- Consequently, HST expenditures on fixed-route transit are low – about 4.3% of the total expenditures
- Demonstrated ability to control cost even as demand increases



### Montachusett Regional Transit Authority

- Public transportation provider (north-central MA)
- Broker for Massachusetts Executive Office of Human and Health Services
  - Responsible for about 70% of Commonwealth’s medical transportation services, including Boston
  - Spans urban, rural, and suburban areas
  - 3.9 million annual trips
  - \$68 million annual budget

icfi.com | Passion. Expertise. Results. 25

## Montachusett Regional Transit Authority



- Broker responsibilities:
  - Arranging trips
  - Contracting with service providers
  - Monitoring and ensuring service quality
  - Developing routing
  - Tracking and reporting usage and costs
  - Monitoring performance benchmarks

## Montachusett Regional Transit Authority



- Best Practices: Cost Sharing
  - HST shares cost savings with brokers
  - Contracting period – agree on cost per trip
  - If MART can provide service for lower rate, they are allowed to keep up to 3% of program costs
    - *Profits must be reinvested into system*
    - *MART has primarily updated software programs*

## Montachusett Regional Transit Authority



- Best Practices: Service Quality
  - MART responsible for monitoring service quality
  - Vendors agree to performance standards
    - *Penalties for non-compliance*
  - On-site reviews and spot checks

## Montachusett Regional Transit Authority



- Well-positioned to meet demands of ACA
- *Increased reporting requirements*
  - Extensive monitoring and tracking system
  - Adjustable
- *Billing Rates and Potential Cost Increases*
  - Flat per-trip rate
  - Negotiated annually and by region
  - No risks associated with trip volumes

## Montachusett Regional Transit Authority



- *Ability to Increase Capacity*
  - Market driven – by price
  - Ability to increase supply of service
    - *Raise price*
- *Tracking and Monitoring Systems*
  - Extensive software system
  - Dynamic

## Montachusett Regional Transit Authority



- Well-positioned to meet demands of ACA
- Increased reporting requirements
  - Extensive monitoring and tracking system
  - Adjustable
- Billing Rates and Potential Cost Increases
  - Flat per-trip rate
  - Negotiated annually and by region
  - No risks associated with trip volumes

## Summary of Findings

32

## Findings from Case Studies



- State Medicaid programs & State DOTs both said that ACA impacts were not yet on “radar screen” or were assumed to be manageable.
  - MA did not see disproportionate increase in NEMT trips after implementing health care reform.
  - New Medicaid participants: higher incomes & fewer disabilities than those currently enrolled:
- State Medicaid offices said ACA was not likely to change decisions about using NEMT brokers.
- Transit agencies cited concerns with administration of NEMT, but concerns were not specific to ACA.

## Other Findings



- ACA's Medicaid expansion highlights ongoing issues with participation of public transit in NEMT:
  - Potential shifting of NEMT trips to ADA paratransit
    - *Transit agencies need to develop policies and systems to work with brokers*
  - Trend towards statewide private brokerages paid on capitated rate (per member per month)
    - *Limited connection to local operators*
    - *Profitable to use lowest cost modes, including transit and ADA*
    - *Contracts can be difficult for public agencies (liquidated damages)*

## Future Research

## Related Research Soon to be Underway



- TCRP Project B-44: Examining the Effects of Separate NEMT Brokerages on Transportation Coordination
- Objectives: to present options for providing Medicaid-funded NEMT services and to evaluate the effects of different options for providing NEMT on:
  - Access to Medicaid services;
  - Human services transportation (especially coordinated transportation services); and
  - Public transit services, including ADA complementary paratransit services.
- 18-month research effort will be awarded in late Oct. 2013.

## Report Authors



- Antonio “Pepper” Santalucia, ICF International  
[Pepper.Santalucia@icfi.com](mailto:Pepper.Santalucia@icfi.com)
- Bethany Whitaker, Nelson\Nygaard  
[bwhitaker@nelsonnygaard.com](mailto:bwhitaker@nelsonnygaard.com)
- Ellen Oettinger, formerly of Nelson\Nygaard

## Where to Find the Report



- NCHRP Research Results Digest 383 (June 2013)
- Available for free from TRB website
- <http://www.trb.org/Publications/Blurbs/169201.aspx>



## Q&A