Federal Health Care Reform: Implications for Public Transit

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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
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

<table>
<thead>
<tr>
<th>State</th>
<th>Baseline Enrollment</th>
<th>Projected Increase in 2019</th>
<th>% Increase Relative to Pre-ACA Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>221,000</td>
<td>137,000</td>
<td>62%</td>
</tr>
<tr>
<td>Oregon</td>
<td>486,000</td>
<td>295,000</td>
<td>61%</td>
</tr>
<tr>
<td>Texas</td>
<td>4.0M</td>
<td>1.8M</td>
<td>46%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>779,000</td>
<td>321,000</td>
<td>41%</td>
</tr>
<tr>
<td>California</td>
<td>10.0M</td>
<td>2.0M</td>
<td>20%</td>
</tr>
</tbody>
</table>

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

Beyond the Pledges: Where the States Stand on Medicaid
29 States Moving Toward Expansion - Sept. 17, 2013

Note: As of 9/27/13 all policies subject to change. Results are estimates based on literature review, expert data, and Advisory Board research.

Source: The Advisory Board Company, 9/27/13

States’ Decisions on Medicaid Expansion

Reduction in the Uninsured Due to Medicaid Expansion by the Status of State Medicaid Expansion:

- 3.6 Million (36%) States Moving Forward at this Time (24)
- 4.9 Million (49%) States Moving Toward Expansion (17)
- 1.5 Million (15%) Debate Ongoing States (6)
- Incremental Reduction in the Uninsured Due to Medicaid Expansion in 2016: 10 Million

SOURCE: Urban Institute Analysis. HPSM 2011
Medicaid’s Non-Emergency Medical Transportation (NEMT)

Overview of Service
Current service delivery models

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 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 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

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
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

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Summary of Findings

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.

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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](http://www.trb.org/Publications/Blurbs/169201.aspx)

Q&A