

Statewide Medicaid Transportation Management/Brokerage: Is This the Right Choice for Wisconsin?

The Problem: The Governor's budget calls for a \$11 million reduction in Medicaid (MA) transportation to reflect net savings resulting from contracting with a transportation manager to broker Medicaid specialized medical vehicle (SMV) and common carrier transportation statewide. The Manager will provide centralized scheduling, dispatch, contracting, and provider reimbursement. In addition to the projected savings, the amount of transportation available to Wisconsin residents will be further reduced by the costs of paying a private company to set up and administer the program – adding another layer of bureaucracy to an already strained system.

In 2005, an effort by the Department of Health (and Family) Services to create a statewide Transportation Brokerage/Manager (TM/B) was opposed by a wide cross-section of consumers, transportation providers, county governments, health providers, and service organizations. The present initiative raises the same issues and concerns. TM/B has been tried in other states; in nearly every state, the effects on transportation consumers and providers, and local transportation programs have been disastrous.

Effects Of Medicaid Transportation Management/Brokerage:

Cost Shifting: One of the most significant ways centralized Transportation Managers (TMs)/brokers reduce costs is to shift riders to public paratransit or local Aging and Disability (§85.21) services, for whom the brokerage pays the fare, rather than the cost of the trip. The actual cost of most paratransit rides is \$15-30.00, while the fare is \$0.50-2.00. Transferring a rider from a MA-covered service to a fare-paying paratransit ride forces the use of \$13.00-29.50 per ride of local resources to subsidize Medicaid services. This strains already scarce local dollars and has resulted in cutbacks in paratransit services in areas where brokerage has been tried.

Increased Costs to Health Care Systems, Short- and Long-term: Centralized TMs/brokers often manage demand by raising the level of inconvenience to the customer, creating higher rates of no-shows at medical appointments. Some riders are shifted to less expensive, but more difficult-to-access transportation, which they use less successfully; some become discouraged by long telephone wait-times or busy signals. Every no-show wastes expensive healthcare resources, and delayed medical care leads to increased emergency room utilization and more expensive forms of treatment. Patients who cannot find any other means of transportation often resort to locally-funded EMS ambulance services, which is a very expensive form of transportation.

Trip Shedding/Competition for Volunteers: Another way TMs/brokers save money is to transfer riders to volunteer programs. In most counties, the volunteer driver program is hard-pressed to keep up with demand from seniors and people with disabilities to get to basic community services; transferring Medicaid rides to these programs will overwhelm them. Often the TM/B uses the local volunteer program and pays only the fare, not the cost of the ride (see Cost Shifting, above).

Price Squeezing: Once a centralized Transportation Manager/Broker becomes the sole control of access to Medicaid contracts, they begin to undercut the revenue of local transportation providers; declining to pay the market rate for services, and forcing providers to accept rates dictated by the TM/B.

Infrastructure Loss: In many areas, the only non-volunteer transportation infrastructure consists of the accessible vans owned by the private or non-profit SMV providers. These are often the subcontractors relied upon by public transit agencies and Aging and Veterans services. In all states where centralized TM/brokerage has been tried, the number of transportation providers has been reduced. Once the transportation infrastructure has been lost, it is very costly to recreate it. Loss of competition for paratransit contracts increases costs for local school districts, transit, and service agencies.

Decrease Local Tax Base: Many transportation providers are local, tax-paying businesses; TMs/brokers tend to work with few, national or multinational companies. All reports from other states with TMs/brokers agree that the larger the service area, the smaller the number of providers, and the fewer local providers.

Loss of Local Oversight and Quality Assurance: Local transportation providers are accessible to consumers and service agencies, and are often members of local QA committees. Reliable contacts with familiar drivers often create safety nets for vulnerable citizens. Under a TM/B system, customer concerns are handled by a complaint procedure at a centralized call center.

TM/B Creates Another Layer of Bureaucracy: Brokerages are run by private, for-profit companies, who must cover their corporate costs out of the funds allocated by the State for Medicaid transportation. Less money is available to transport people to medical services.

TM/B Removes MA from Local Transportation Coordination: In a local model, if two neighbors are going to a similar destination on the same day, the riders would call the local mobility manager, who could arrange for them to ride together, conserving resources. Under TM, the MA rider would call a state hotline, and the non-MA rider would call the local number, forfeiting the possibility of ride-sharing, and driving up costs for both ride programs. In areas with highly coordinated transportation systems where MA brokerage has been introduced, the coordination system has become fragmented and has lost economies of scale.

This initiative runs counter to federally mandated local coordination of human services and public transportation. It disregards the priorities expressed in many of the federally-mandated, locally-developed Transportation Coordination Plans, in which every county in Wisconsin identified needs and strategies for increasing access and efficiently utilizing transportation resources. Removing MA transportation from local oversight and coordination would have a significant impact on local transportation and those who depend on it: seniors, people with disabilities, low-income workers and families, and veterans. Wisconsin could also lose federal transportation aids tied to coordination efforts.

Centralized Transportation Management/Brokerage does not save money in the long run. Transportation to medical services is critical to maintaining health. Federal Title 19 regulations guarantee the right to transportation to medical appointments for all eligible people: seniors, children, people with disabilities, low-income workers and families. Delaying or denying service, or shifting the cost of MA transportation to local taxes does not save money in the long run, it only creates a short-term budget fix for one department. Experience in other states shows that the short-term savings are quickly lost in the disastrous long-term fallout, and brokerage as a management concept is fading as deferred costs escalate. Transportation Management/Brokerage creates hardships for consumers and families, as well as local governments, healthcare providers and small transportation providers.