OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

Evaluation Report Summary / February 2011

Medical Nonemergency Transportation

Minnesota should simplify its complex and confusing administrative structure for the medical nonemergency transportation program.

Major Findings:

- In fiscal year 2010, Minnesota spent about $38 million on medical nonemergency transportation for Medical Assistance (MA) recipients covered by the state's fee-for-service system.
- Minnesota has two separate administrative structures for nonemergency transportation, "access" and "special," that are duplicative and confusing.
- The Department of Human Services' (DHS) oversight of nonemergency transportation has been weak, and it collects very little data on the program statewide.
- More specifically, DHS administers key elements of "special" transportation (which offers the most costly and highest levels of service) in an ad hoc fashion, without using rulemaking procedures, developing formal policies, or notifying the public about changes in practice.
- Since 2004, DHS has contracted with a private company to "broker" or coordinate varying parts of its nonemergency transportation program.
- Through its broker, DHS has frequently limited recipients' eligibility for "special" transportation to very short time periods—often one day—which is inconsistent with contract language.
- Brokering has reduced certain transportation costs, although total savings are unclear.

Key Recommendations:

- The Legislature should require DHS, with input from interested parties, to present a proposal to the 2012 Legislature that creates a single administrative structure for medical nonemergency transportation.
- The Department of Human Services should propose statutory changes to address the length of time recipients are eligible for "special" transportation and the frequency of assessments.
- The Legislature should clarify state law on eligibility for "special" transportation when appropriate "access" transportation is not available.
- The Department of Human Services should publish "special" transportation eligibility policies and seek comments from interested parties when changing them.
- The Department of Human Services should identify, collect, and report key measures related to program performance statewide and periodically verify data submitted by the broker and counties.

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Report Summary

Minnesota uses two separate administrative structures to help Medical Assistance recipients obtain nonemergency transportation to and from medical appointments.

Administration of the nonemergency transportation program has lacked transparency.

The federal government requires states to provide Medicaid recipients with medical nonemergency transportation assistance to the nearest qualified provider for covered services, using the least expensive type of appropriate transportation. The program's purpose is to help lower overall medical costs by enabling recipients to receive routine, preventive health care. Although transportation services are federally mandated, states have wide latitude in how to administer services. In Minnesota, the Department of Human Services (DHS) oversees the program for Medical Assistance (MA) recipients covered by its fee-for-service system.

Minnesota's two administrative structures for nonemergency transportation are duplicative and confusing.

Minnesota has two separate categories of nonemergency transportation: access and special. "Access" transportation is available to all MA recipients. The program pays mileage when recipients drive to and from medical appointments or when family, friends, or volunteers drive them. It also pays for public transit and taxi-style vehicles where drivers provide limited assistance to recipients. Counties are primarily responsible for access transportation, and they vary widely in how they administer the program and the types of transportation available in their communities.

In contrast, "special" transportation is only available to MA recipients who have a physical or mental impairment that prohibits them from safely using access transportation. Special transportation drivers must provide certain "driver-assisted services," including helping recipients into and out of medical facilities. State-certified taxi-style vehicles provide ambulatory, wheelchair, and stretcher services. Primary responsibility for special transportation for MA recipients rests with DHS; counties do not play a direct role.

Although access and special transportation share the same goal—to transport MA recipients to and from medical appointments—they differ in terms of recipient eligibility, program administration, types of transportation available, and data collection. Transportation providers often offer both types of service, and some MA recipients move back and forth between the two categories, sometimes in the same day.

The Department of Human Services administers key elements of special transportation in an ad hoc fashion.

The department has contracted with a private company (Medical Transportation Management, Inc., or MTM) to determine special transportation eligibility statewide since 2004. But DHS has provided MTM with few written instructions or formal guidelines on how to determine eligibility beyond the vague guidance contained in the contract and state law. Instead, DHS has relied on informal verbal and e-mail communications to tell MTM how to perform its duties. Also, DHS has made key implementation decisions administratively without the public notice and comment periods required by the rulemaking process. Finally, DHS has not routinely informed recipients and other interested parties of changes in the eligibility process.

The way in which DHS has defined special transportation eligibility has resulted in a few MA recipients falling "between the cracks." They appear eligible under state law, but are not eligible in practice. Also, state law defines eligibility for special transportation based on recipients' inability to safely use access

transportation. But DHS has consistently determined that MA recipients are not eligible for special transportation when appropriate types of access transportation are simply unavailable for them to use.

The Legislature has made many changes to the nonemergency transportation program over the last decade, but DHS has not significantly changed its special transportation rules since 1987. The rules are generally silent on many important matters open to interpretation, and some do not reflect current law.

Administrative rules for the program are outdated.

The department has limited many recipients' eligibility for special transportation to very short time periods.

The department's contract with MTM requires that special transportation eligibility periods generally parallel those used for Social Security Insurance Disability determinations, which are, at a minimum, six months. However, MTM granted eligibility for only one day to 40 percent of special transportation recipients needing ambulatory or wheelchair services over the last three years.

Furthermore, the 2010 Legislature directed that, barring changing circumstances, eligibility assessments not be done more than once a year on any individual (previously twice a year). While this gives DHS discretion to initiate assessments when needed, statutes anticipate that frequent assessments will be the exception, not the rule.

While brokering has reduced certain transportation costs, total savings are unclear.

The department has contracted with MTM to "broker" varying parts of its nonemergency transportation program since 2004. Brokering includes determining eligibility, scheduling trips, and distributing those trips among providers.

Because of data limitations, we cannot say whether using a broker has saved the state more money than it has cost. However, we identified three areas where savings have occurred. First, after the 2003 Legislature made DHS, not physicians, primarily responsible for determining special transportation eligibility, the department hired MTM to determine eligibility. Subsequently, there was a large shift in trips provided from special transportation to less-costly access transportation. This shift has reduced nonemergency transportation costs by about $400,000 a year. Second, when MTM brokered special transportation in the Twin Cities area (October 2007 through January 2008), the number of miles special transportation providers were reimbursed for trips dropped, saving about $400,000 to $600,000 a year. Third, after MTM began brokering access transportation in the Twin Cities area in 2004, the proportion of trips that used taxi-style vehicles to provide curb-to-curb service increased, while the proportion providing more-costly door-to-door service decreased, which saved about $140,000 to $200,000 in fiscal year 2010.

When Twin City area counties began contracting with MTM to broker access transportation instead of DHS, total administrative costs declined. The counties paid MTM $4.4 million in fiscal year 2010, or about $5.70 per completed trip. In comparison, DHS paid MTM $6.7 million for fiscal year 2009, or about $8.30 per trip.

Transportation spending per eligible MA recipient has decreased in the Twin Cities area since 2004, but has increased outstate.

Between fiscal years 2000 and 2010, average spending per eligible person in the Twin Cities area declined from $222 to $166. At the same time,

Weak oversight by the Department of Human Services has resulted in the state paying more than it should have for some parts of the program.

outstate spending increased from $88 to $131 per eligible person. Outstate counties' costs were less because they used more lower-cost types of travel. In 2010, 69 percent of their spending was for reimbursing volunteer drivers and recipients (or their families or friends) for mileage. In contrast, 93 percent of Twin Cities area spending was for taxi-style vehicles, a higher-cost option.

Statewide, about 4 percent of eligible MA recipients used special transportation in fiscal year 2010. Because DHS does not collect comparable data on access transportation, statewide usage is unknown. In the Twin Cities area, about 18 percent of eligible MA recipients used access transportation in 2010.

The department provides little statewide oversight of the program.

Lack of consistent and reliable data has hampered oversight efforts.

Although its most recent contract with the broker set forth numerous oversight mechanisms, DHS did not implement a formal quality assurance program to monitor the broker. Department oversight has largely consisted of informal communication and frequent meetings.

Weak monitoring and oversight contributed, in part, to DHS paying its broker about $1 million more than the amount agreed to in its contract for fiscal year 2006. Furthermore, DHS's decision to give MTM an inappropriate cost-of-living adjustment resulted in DHS paying the broker about $1.5 million too much in fiscal year 2009. Also, DHS recently examined special transportation reimbursements for transporting nursing home residents and found it had paid some providers about $500,000 for trips that did not appear to qualify for special transportation reimbursement.

State oversight of outstate counties is also lax, partly because DHS collects aggregate spending data, not individual trip data.

The department must improve its data collection efforts.

The department's data collection efforts vary, both across and within the two categories of nonemergency transportation (access and special). Furthermore, DHS does very little systematic checking to make sure that the data submitted from counties, transportation providers, or its broker are accurate or reasonable.

Given state and county budget problems, policy makers need better information about the cost-effectiveness of transportation assistance statewide. The department should routinely collect information, such as the number of individual participants, number of trips by type of transportation, and costs per trip on a statewide basis, regardless of how programs are administered.

Summary of Agency Response

In a letter dated January 24, 2011, Department of Human Services Commissioner Lucinda E. Jesson agreed with each of OLA's major findings and recommendations. She indicated that the department's "policy is to follow up on all audit findings to evaluate the progress being made to resolve them." She has assigned a staff person responsible for their implementation and set forth estimated dates of completion.

The full evaluation report, *Medical Nonemergency Transportation*, is available at 651-296-4708 or:
www.auditor.leg.state.mn.us/ped/2011/mnet.htm