

Community Transportation ASSOCIATION

August 16, 2005

The Honorable Donald Sundquist
Chairman Medicaid Commission
C/o Centers for Medicare and Medicaid Services
Hubert Humphrey Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Chairman Sundquist:

The Community Transportation Association of America (CTAA) is a national, membership association of human services transportation professionals and providers. For more than twenty years, CTAA has worked to improve Medicaid's non-emergency medical transportation (NEMT) services. NEMT is a small, but critical, part of the Medicaid budget, accounting for less than 1% of the total or about \$2 billion in state and federal funds.

CTAA is pleased that the Commission is examining ways to improve the Medicaid program and respectfully submits the attached proposal to achieve a less expensive NEMT program, serving more people, through transportation "brokerages." NEMT brokers are private, non-profit or for-profit management companies and state transportation agencies that have a proven track record of success in improving Medicaid NEMT. For example, Medical Motors, a New York-based broker has reduced NEMT expenditures for transportation of kidney dialysis patients by \$300,000 in Monroe County, N.Y., the home of commission member, County Executive Maggie Brooks. (2004 New York State Department of Health expenditure data and Medical Motors' Monroe County billings) These savings are primarily due to improved eligibility verification, auditing transportation provider claims, grouping trips to dialysis centers and, perhaps most importantly, restricting patient access to providers accepting a lower than standard payment rate.

Several Inspector General (IG) reports have also suggested that states could reduce the type of fraud and abuse in NEMT detailed in a recent *New York Times* article (July 18, 2005) **and** save money by moving to brokerage agreements, (See *Controlling Medicaid Non-Emergency Transportation Costs*, Report No.OEI-04-95-00140 and *Medicaid: Proactive Safeguards*, Report OEI-05-99-00070, Office of the Inspector General, HHS, April 1997 and July 2000.)

However, there is a serious statutory barrier to more states moving to brokerage management systems – the Medicaid freedom of choice requirement.

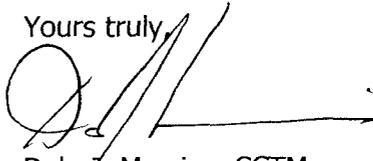
Letter to Chairman Sundquist, Page 2.

Although the freedom of choice requirement may improve access to medical services such as physician services, it promotes mismanagement when applied to NEMT. Thus, we propose to exempt NEMT from the Medicaid freedom of choice requirement (suggested legislative language is attached.)

In addition, the administration's budget proposal to cap the federal contribution to state Medicaid administrative expenses may seriously endanger brokerage agreements in place in states that fund NEMT as an administrative expense. [These states are Alabama, Colorado, Idaho, Louisiana, Maryland, Massachusetts, Missouri, Pennsylvania, Vermont and Washington. Two other states, Iowa and Wyoming, fund NEMT as an administrative expense to generally streamline the benefit. (Source: CTAA Survey, spring 2005, updated summer, 2005)] **Should the Congress adopt the administration's proposal, it is imperative that Congress simultaneously waive the freedom of choice requirement for NEMT.**

We respectfully request that the Commission endorse our proposal and include it in its short-term recommendations. Please let us know if we can provide additional information as you proceed to develop your report to Congress.

Yours truly,

A handwritten signature in black ink, appearing to read "Dale J. Marsico", with a large, stylized initial "D" and a long horizontal stroke extending to the right.

Dale J. Marsico, CCTM
Chief Executive Officer

Attachment

Proposed Legislation to Improve the Provision of Non-Emergency Medical Transportation Services in the Medicaid Program

Title XIX, section 1905 (a) (28) is amended to insert the following and re-designate (a) (28) as (a) (29):

“including non-emergency medical transportation to ensure necessary transportation for recipients to and from the care and services in paragraphs (1) through (28), provided that section 1902 (a) (23) shall not apply with respect to the provision of non-emergency transportation services.”

Description of Proposed Legislation

This language does two things:

1. Writes the regulatory requirement for non-emergency medical transportation (current federal Medicaid regulations at 42 C.F.R. Sec. 431.53 require states to provide non-emergency medical transportation services “to ensure necessary transportation for recipients to and from providers”) into the Medicaid statute by adding it as subsection 1905 (a) (28) to the list of Medicaid services.
2. Exempts non-emergency medical transportation from the Medicaid “freedom of choice” requirement at section 1902 (a) (23) to allow states to deliver non-emergency medical transportation services on a cost-effective basis through “broker agreements” with transportation management entities. Currently, to take advantage of broker agreements, states must either pay for non-emergency medical transportation as an administrative expense or under the cumbersome Medicaid waiver process.

Note: This provision does not restrict the freedom of choice of Medicaid recipients to any health service and would allow, but not require, states to offer more efficient transportation services without obtaining a federal waiver.