SPECIALIZED TRANSIT COORDINATION STUDY
NASSAU COUNTY

Prepared for:

Nassau County

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CGR Mission Statement

CGR is an independent, nonprofit research and management consulting organization that serves the public interest. By developing comprehensive perspectives on issues facing communities, CGR distinguishes itself as a unique professional resource empowering government, business and nonprofit leaders to make informed decisions. CGR takes the initiative to integrate facts and professional judgment into practical recommendations that lead to significant public policy action and organizational change.

SPECIALIZED TRANSIT COORDINATION STUDY

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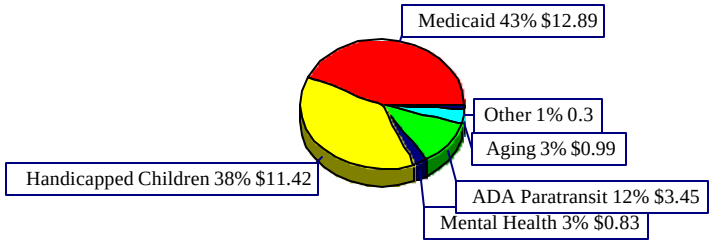
Summary

Specialized transportation costs in Nassau County were approximately thirty million dollars in 1995. Led by the almost thirteen million dollar cost of Medicaid transportation, these costs have been growing rapidly during the previous twenty years, driving up tax rates at the state and local levels. Nassau County's share of the total specialized transportation bill is about eleven million dollars.

Estimated Specialized Transit Spending

Nassau County 1995 ($ million)



Cost control is made more difficult by the fact that the specialized transportation area is controlled by many different county agencies under a bewildering variety of funding sources and administrative procedures.

In the report that follows, CGR recommends variety of specific steps, some of which will save a few thousand dollars and some of which will save millions. Our most significant recommendation is that management of large elements of the specialized transportation area—particularly Medicaid and mental health—be privatized. We recommend that Nassau County obtain the services of transportation broker and that the broker assume responsibility for financial management, contract administration and transportation routing and scheduling.

In addition to improved coordination, CGR also recommends that Nassau County initiate competitive rate setting for Medicaid transportation, made possible by the recently-approved federal waiver of the "freedom of choice" requirement. Coupled with rigorous performance standards and a robust administrative presence, Nassau County can provide service of equal or greater quality at substantially lower cost.

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Acknowledgments

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Staff Team

David Bond played a significant role in the design and implementation of this analysis. The experience and sage advice of Bill McDonald added immeasurably to the final product. Cathy Towner contributed substantially to the conceptual design of the research effort.

THE STATE OF SPECIALIZED TRANSIT IN NASSAU COUNTY

Status Quo: Overview of Nassau County Specialized Transit

Introduction

The term "specialized transit" encompasses a wide range of services provided to residents of Nassau County who lack access to other forms of transportation either due to physical disability or financial circumstance. Given the technical nature of the services provided to residents under this general description, a glossary has been provided at the end of the report. This glossary highlights and explains key terms used throughout.

Specialized transit is radically different from other transit services. While a share of total spending goes for individuals who can ride conventional taxis or buses, a substantial share is devoted to individuals who are physically or mentally incapable of using conventional transportation, at least without substantial assistance. For this reason, specialized transit often requires the use of dedicated vehicles, many of which can accommodate wheelchairs. Additional demands are placed on the staff of specialized transit firms, too. Clients often require more time, more understanding and more assistance than is acceptable in transit programs targeting the general population.

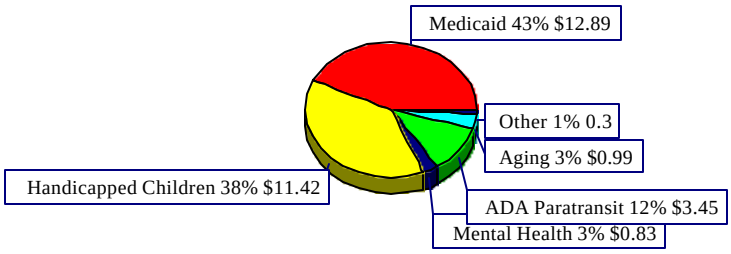
Specialized transit coordination presents significant logistical challenges for Nassau County, as the many services provided through the county are funded from a variety of sources under many different legal obligations and service requirements. While the bulk of services are funded through Medicaid, many needy populations receive services through *both* Medicaid and other funding sources. As is discussed below, some services are provided through a unified delivery system in which the funding stream is invisible to the client. In most cases, however, the funding source determines the mode of transport and the firm or agency that provides the service.

Through a combination of state and federal mandates and local choice, Nassau County has some management and financial responsibility for an array of specialized transit services. Serving a clientele ranging from handicapped children to the elderly, specialized transit services in Nassau County cost a total of about $30 million annually in 1995. Required by an array of laws at all levels of government and funded by a variety of agencies, the task of adding up total spending is not trivial[1]. Effective coordination of these services will be an even greater challenge.

As the physical needs of individuals receiving subsidized or free transit services are as varied as the programs that fund these services, the cost per recipient can vary dramatically. Handicapped children who require daily travel in a ramp-equipped vehicle with the assistance of matron are very costly indeed. Programs providing occasional shopping expeditions for groups of the elderly deliver per trip costs many orders of magnitude lower than the costs for handicapped children or the developmentally disabled.

Estimated Specialized Transit Spending

Nassau County 1995 ($ million)



The financial needs of each of these groups also varies significantly. While Medicaid recipients have to prove financial need, the families of handicapped children face no means test to qualify for publicly-paid care. Under the federal Americans with Disabilities Act (ADA), recipients qualify for assistance on the basis of their physical condition alone. The Able Ride program, presently administered by MTA Long Island Bus, provides service to these individuals.

The political power of each group served differs substantially, too. The parents of handicapped children, often well-educated with middle class incomes, are a well-organized and vocal political force. While Medicaid recipients are themselves less powerful politically, the Medicaid program has spawned an industry of service providers whose dollars and contacts are used to maintain or enhance the *status quo*.

[1]Compounding the problem is a difference in fiscal years among data sources. This conflict is irreconcilable at reasonable cost, thus total must be considered approximate.

Key Actors in Specialized Transit

As specialized transit services are currently provided in Nassau County, there are four groups of actors who play a role in determining how much money is spent and how efficiently this money is spen

Specialized Transit Consumers

The clients using specialized transportation in Nassau County include children with special needs, the developmentally disabled, mental health patients, other Medicaid eligibles and the elderly. Transportation for these groups is funded from a variety of sources. The single group with the largest cost is special needs children. These children are served by two programs. Children younger than three years old are served by the state Department of Health's Early Intervention Services Program and those between three and five years old by the Education for Children with Disabilities program. Acme Bus Company is the transportation provider for both groups and transportation costs in 1995 were an estimated $11.4 million.

Medicaid serves as the health insurance system for the indigent. Eligibility is determined for the *categorically needy*, i.e. those who qualify because they qualify for other social welfare programs. If an individual qualifies for Home Relief, Supplemental Security Income (SSI) or Aid to Dependent Children (ADC), then he or she is automatically qualified for Medicaid coverage. In addition, others may qualify as *medically needy* under special rules established for the Medicaid program in New York. The map that follows (page 6) demonstrates poverty as a share of the population, by census tract. Concentrations visible on this map coincide with high demand for a portion of Medicaid-funded services.

Medicaid also funds transportation to day treatment programs for the mentally ill, the mentally retarded and the developmentally disabled. Acme Bus provides transportation to day treatment and other programs for mental health patients and a number of carriers serve the developmentally disabled population.

ADA mandated paratransit services for the mobility impaired of Nassau County are provided by Able Ride. Medicaid does not pay for these ad hoc services and the population served includes the developmentally disabled, mental health patients, seniors and all others with mobility impairment. To the extent that Able Ride does provide Medicaid-eligible medical appointment transportation to its normal clientele, MTA Long Island Bus should be submitting for reimbursement through Medicaid.

The attached maps (pages 7 and 8) show the geographic distribution of mobility impaired citizens (by age), demonstrating that there is no particular geographic concentration of need for Able Ride services. Non-medical program transportation for senior citizens without mobility impairment is provided by senior citizens centers.

Nassau County Specialized Transportation
Total Spending by Population Served

Population	Medicaid	Provider	Transportation Units	Total Cost	Year
Mental Health					
Emergency	Y*				
Medical Appointments	Y*				
Day Treatment	Y	Acme Bus	125,641	$1,099,060	1995 estimate (NMH)
Other Program	N	Acme Bus, contract agencies	78,942	$826,362	1995 estimate (NMH)
Ad Hoc Transportation Needs	N**	Able Ride (MTA LI Bus)			
Mental Retardation & Development Disability					
Emergency	Y*				
Medical Appointments - Ambulatory	Y*				
Medical Appointments - Wheelchair	Y*				
Day Treatment	Y			$3,906,329	Calendar 1995
Other Program	N				
Ad Hoc Transportation Needs	N**	Able Ride (MTA LI Bus)			
Other Medicaid-Eligible					
Emergency	Y*				
Medical Appointments - Ambulatory	Y*				
Medical Appointments - Wheelchair	Y*				
Children With Special Needs					
PreK Special Ed - Age 3 to 5	N	Acme Bus		$10,784,000	1995 estimate
Early Intervention - Age 0 to 3	N	Acme Bus		$644,000	
Elderly					
Program Transportation	N	Senior Citizens Centers	256,063	$993,328	Calendar 1994
Ad Hoc Transportation Needs	N**	Able Ride (MTA LI Bus)			
Other	N	Veterans, Nursing Home		$60,000	1995 estimate
Medicaid Total: Spending Not Reported by Population Served				$7,879,693	
Able Ride Total: Not Reported by Population Served				$3,449,800	
NCMC Total: Not Reported by Population Served				$242,595	
Specialized Transportation Total				**$29,885,167**	

* - Not separately identified in Medicaid statistics **- Not separately identified for Able Ride.

Public Sector: State, County & Town

Medicaid

The public sector plays an important role in the management, coordination and funding of specialized transit services. In New York, Medicaid is a program whose management and funding is shared three ways: by the federal, state and county governments. The federal government sets a base level of services that must be covered by the state Medicaid program. Transportation is one of those "core" services that must be provided to eligible persons. The state, however, has the right to add some or all of twenty-six optional services. Once these optional services are provided to Medicaid eligibles, recipients are eligible for transportation services to and from the medical service provider.

While the state establishes Medicaid eligibility requirements and the list of eligible services (thus strongly influencing the level of demand), most management of the Medicaid program is left to the county. Transportation services are no exception. The county manages requests for service and sets fees for transit providers. Individual treatment facilities play an important management role for day treatment transportation. While bearing no responsibility for payment or the negotiation of fees, the treatment facilities typically select the firm providing routine transportation for most of the facility's clients.

Medicaid is administered principally by the New York State Department of Social Services and by the Nassau County Department of Social Services. In addition, the county departments of Health and Mental Health administer programs that affect the type and volume of Medicaid-funded transportation provided to clients.

Other Transportation Services

The federal Americans with Disabilities Act (ADA) requires that communities develop programs to service the transit needs of the disabled population. Under this mandate, Nassau County has established the Able Ride program under the management of MTA-Long Island Bus. With the exception of limited capital funds obtained from the federal government, this is fully funded by the county.

Both medical and transportation services for pre-school children with disabilities are provided by the county with joint state-county funding. Required by a combined federal-state mandate, the county is chiefly responsible for the management of services.

Transportation services for the elderly are provided directly by the county, by county-funded treatment centers and by individual towns. A summary of these services appears below.

Private Transportation Providers

With the exception of transportation services for the elderly, most specialized transit services are provided by private sector firms ranging from ambulette and taxi companies to bus operators. In the case of Medicaid, private providers must comply with fairly simple requirements to become certified providers. This enables firms to become eligible to provide service either by client choice or by NDSS's rotating assignment of clients who do not state a provider preference. Once approved as a Medicaid provider by the state, firms can apply for payment directly from MMIS. Many ambulette providers receive virtually all their business from Medicaid. Bus and taxi companies are likely to have a broader client base.

Nassau County taxi regulations limit county business to local companies. Other modes of transportation are represented by a mix of local, regional and national firms. Through consolidation, the number of firms providing a significant share of total service has declined in recent years, although there are still a large number of firms in the marketplace.

Funding Sources for Specialized Transit

Specialized transportation in Nassau County is funded by federal, state and county tax dollars. The largest single funding source is Medicaid, which is a combination of 50 per cent federal, 25 per cent state and 25 per cent Nassau County dollars. The total cost of Medicaid transportation in calendar year 1995 was $12.9 million. There are four categories of Medicaid transportation: ambulance, invalid coach or ambulette, day treatment and taxi and livery. In each category, there are dozens of smaller approved providers and a handful of major carriers. In terms of total cost, the most expensive services are ambulette ($5.9 million) and day treatment ($5.0 million).

The funding source for pre-school special education transportation for children between the ages of three and five years old is the State Education Department. This is the second most expensive program in terms of total cost at an estimated $10.8 million for 1995. Similar transportation service for special needs children under three years of age is funded through the state Department of Health Early Intervention program and this cost an estimated $644,000 for 1995. Both programs are served by Acme Bus.

The state Office of Mental Health funds transportation for its clients through its Community Services program. Services provided to Nassau County mental health clients cost about $826,000 in 1995. Most transportation needs for this group are provided under contract with Acme Bus. The state also funds transportation for seniors through the Office of Aging. This is provided by the senior citizens' centers for a total cost of just under one million dollars in 1994 with a county share of about $194,000. The county bears the entire cost of ADA mandated paratransit services, an estimated $3.4 million for 1995.

Nassau County Specialized Transportation

Total Spending by Funding Source

Source of Funds/Program	Rate Basis	Provider	Transportation Units	Total Cost	County Cost	Accounting Period
Medicaid						
Ambulance		65 total, 5 major	15,072	$1,038,183	$264,570	1995 calendar
Invalid Coach (Ambulette)		89 total, 8 major	75,426	$5,942,571	$1,495,634	1995 calendar
Day Treatment		36 total, 5 major	180,693	$5,005,389	$334,409*	1995 calendar
Taxi and Livery		51 total, 4 major	85,260	$898,939	$233,332	1995 calendar
Total Medicaid			**356,451**	**$12,885,082**	**$2,327,724**	**1995 calendar**
State Education Dept.						
PreK Special Ed - Age 3 to 5		Acme Bus		$10,784,000	$4,205,760	1995 estimate
State Health Dept.						
Early Intervention - Age 0 to 3		Acme Bus		$644,000	$254,380	1995 estimate
State Mental Health						
Community Services (NOT Medicaid)		Acme Bus		$826,362	$206,591	NMH 1995 estimate
Nassau County						
ADA-mandated Paratransit		Able Ride (MTA LI Bus)		$3,449,800	$3,449,800	1995 estimate (MTA)
NCMC transportation		NCMC		$242,595	$242,571	
NYS Office of Aging						
Sr Citizens Department		Senior Citizens Centers	256,063	$993,328	$194,043	1994 calendar
Other		Veterans, Nursing Home		$60,000	$60,000	1995 estimate
Specialized Transportation Total				**$29,885,167**	**$10,940,91 9**	

** includes 6% interest on local share to be rebated by NYS OMRDD*

The Future of Specialized Transit

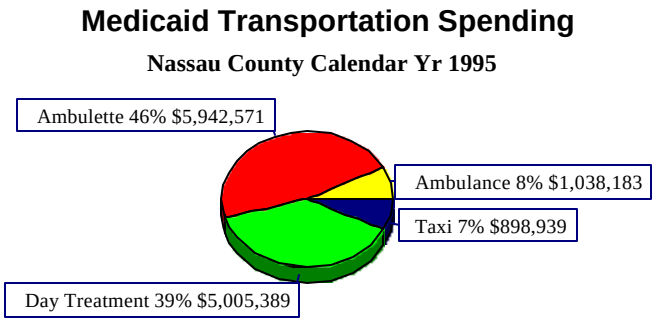
While CGR did not estimate a Nassau County cost trend for this report, statewide program cost has been growing rapidly. The constantly increasing burden of all social welfare programs has created a new climate for reform, however. At both the state and federal levels, there is significant interest in establishing an incentive structure to contain costs and reduce wasteful duplication. The federal Health Care Financing Administration's approval of a waiver of the "freedom of choice" requirement for Medicaid transportation services, for example, will allow counties to establish a completely new relationship with their transportation providers (discussed below).

The state of New York now funds a substantial share of all of these programs. Although the total burden of specialized transit is about $30 million, Nassau County's share is around $11 million. This may change, however. The federal government is shifting from a traditional "matching grant" approach for social welfare expenditures to a "block grant" approach. The Pataki administration has shown some interest in taking the same approach to county funding of social welfare. Under a block grant, Nassau County would be allocated a total sum for the entire Medicaid program, services and transportation combined. As the size of the block grant would be unrelated to the cost of providing the service, Nassau County can keep every dollar saved through cost reductions. If the county can be successful at lowering the cost of specialized transportation, the financial benefit to the county will be considerable.

DETAILED DESCRIPTION OF SPECIALIZED TRANSIT PROGRAMS

Medicaid

As referenced in the table above, Medicaid transportation is the largest single cost of specialized transportation services for Nassau County. The combined federal, state and local share of Medicaid transportation spending for calendar year 1995 was $12.9 million. Ranked by provider type, the largest component of the Medicaid transportation costs was "invalid coach" or ambulette transportation. Ambulette costs rose from $5.6 million in state fiscal year 1995 (April 1994-March 1995) to $5.9 million in calendar year 1995.



The next largest component of Medicaid cost is day treatment transportation for the mentally ill, developmentally disabled and the mentally retarded. These same individuals frequently receive the services of an ambulette provider for medical appointments. Ambulance and taxi services are much smaller shares of the total Medicaid transportation budget.

Program Management

Medical transportation services are provided to all individuals who qualify for Medicaid. Medicaid eligibility does not confer the right to taxi or ambulette transportation, unless the individual lacks access to a personal vehicle and cannot use conventional public transit. This is, of course, a subjective assessment. As presently structured, eligibles must obtain prior authorization through the Nassau County Department of Social Services's (NDSS) Medical Transportation unit unless, of course, there is an emergency need. In case of emergency, prior authorization is not required. NDSS received 248,000 requests for medical transportation during calendar year 1995.

While the approval of a medical practioner is required for use of taxi, ambulette or ambulance service, staff generally approve an initial request on a one-time basis but require that the approval of a medical practitioner be obtained for any subsequent trips. In many cases, the individual requires

transportation for a series of trips. A kidney dialysis patient, for example, generally requires transportation twice weekly. In these cases, pre-authorization can be provided for multiple trips.

Medical transportation unit staff verify eligibility and determine the provider (either by client choice or, if the client has no preference, by assignment). Staff then assign a prior authorization number and the transportation request—including the prior authorization number—is faxed to the transportation provider. After the trip is completed, the provider then submits directly to the state of New York for payment through the Medicaid Management Information System (MMIS). Payment is made directly to the provider according to pre-established fees.

Fees for service are set by negotiation between the county and the service providers. In the case of ambulette and taxi transportation, fees are set for the entire industry and apply to all providers. Day treatment transportation rates are different for each provider and are dependent on the type of service provided by the firm. A fuller discussion of rate setting appears below.

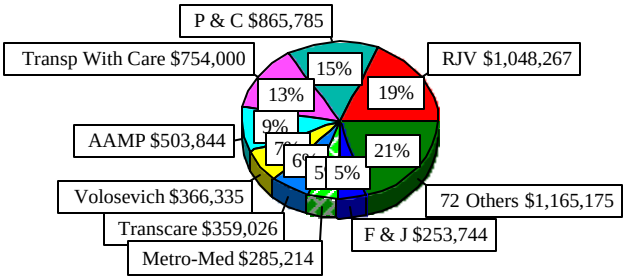
Taxi, ambulette and ambulance transportation providers are either selected by the client or assigned by NDSS. Day treatment transportation is managed somewhat differently. A single transit firm generally provides service for all of the clients of a particular treatment facility. Day treatment transit is generally provided as quasi-scheduled, congregate transportation.

Ambulette Transportation

The ambulette business is dominated by a relatively small number of providers. RJV, the largest, received over a million dollars in revenue from Nassau County in SFY95. RJV, like most of its competitors, receives most of its earnings from the Medicaid program. While the number of significant vendors is small (and is shrinking—as large providers like Transcare move up in the rankings through acquisition of other companies), there are a large number of individual firms providing small amounts of care under the "invalid coach" category. After the top eight, the next largest firm is responsible for only 2% of claims and market share declines rapidly from there. Thirty of the 72 additional vendors submitted fewer than 10 claims each.

Largest Ambulette Providers SFY95

Nassau County



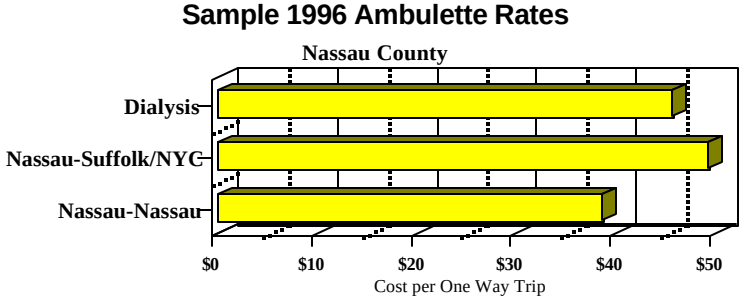
Freedom of Choice Requirement

Under Medicaid's requirement that recipients be able to freely choose a provider, the county has had little opportunity to limit the number of vendors in exchange for a reduction in rate. Nassau Department of Social Service (NDSS) estimates that 80% of all transit requests specify a vendor. The providers are keenly aware of the importance of customer loyalty and cultivate their clientele. Medicaid eligibles who do not specify a transportation provider are assigned to a provider on a rotating basis by NDSS staff. One-time trips are always pre-approved by NDSS staff. After a transportation request has been approved, NDSS staff transmit the authorization to the vendor via fax. Recurring trips ("multiples") are pre-approved as a block. A recipient who receives regular kidney dialysis, for example, can have a set number of trips pre-approved, allowing the transportation provider to bill against the total until the period of approval has passed.

A system is in place to monitor providers who are awarded pre-approval for multiples. NDSS has recently begun requiring attendance sheets from the service providers, enabling NDSS staff to cross-check the transportation vendor billing against trips actually completed. Unfortunately, chronic under staffing of the NDSS Medical Transportation unit has prevented systematic review. The vendors perceive that defrauding the system is relatively easy.

Rates of Payment

Rates for invalid coach transportation were set by NDSS in 1989 and have not changed since. Set by negotiation between the county and providers, the rates apply to all approved vendors. The requirements imposed on the providers are modest: The county requires that vendors provide evidence of vehicle inspection, Department of Transportation certification and insurance. Nassau County rates are higher than those of many other counties. The lowest rate for ambulette transportation is $38.50 for one way transportation within Nassau County. The rate between Nassau County and either Suffolk County or New York City is $49.25. Neither the distance traveled nor the loading factor (number carried in the vehicle) has any effect on the rate. Where the trip is relatively short and traffic is light, the provider makes a substantial profit. A trip from the eastern end of the county into NYC is far less profitable.



While the profits of ambulette providers are not available for review, the fact that established firms appear to

be attractive acquisitions for others in the industry suggests that current rates are allowing these companies to earn a quite adequate return on investment. As costs have risen significantly since the rates were originally established, profits in the early 1990's may have been substantial.

The vendors interviewed by CGR believe that stricter service standards should be imposed on the industry. We were told that some vendors refuse to accept costlier trips (such as trips to New York City), while eager to accept the far more profitable short trips within Nassau County. It is difficult to determine whether average rates are too high. The reimbursement system in place is inequitable and inefficient. CGR recommends specific reforms in the final section of this report.

Ambulance Transportation

Ambulance transportation accounts for a much smaller share of the total Medicaid component of specialized transit. Total payments in 1995 were just over one million dollars. Roughly one-fifth of total contract dollars were paid to the Nassau County Police Department, which is the primary provider of emergency ambulance transportation. The other firms provide non-emergency services. Just as with ambulette transportation, however, most ambulance services are provided by a small number of vendors. Fully 68% of total reimbursement was paid to the largest four vendors (including the police department).

Once again, rates have been fixed since 1989 and are only roughly based on distance traveled. The cheapest one way trip reimbursement is for travel within Nassau County. This rate is $95.50.

The ambulette providers make the (admittedly self-serving) observation that many individuals who are transported in a prone position in an ambulance require no services beyond transportation, thus the higher skill level of ambulance personnel and the greater cost of equipment is unnecessary. Some counties in NYS employ ambulettes that can accommodate stretchers. Without better information on the share of ambulance transportation that requires the higher service levels of the ambulance, it is difficult to estimate possible cost savings. The ambulette providers would also expect a higher rate than they now receive. Conversations with county staff indicate that this option was rejected in the past due to liability concerns.

Day Treatment Transportation

Day treatment transportation is the second largest service category for Medicaid. These providers transport the mentally ill, the developmentally disabled and mentally retarded to treatment facilities across the county. Management of day treatment transportation is very different than medical appointment or emergency care. Most of this service is provided to a set group of clients on an established schedule.

Rather than the client seeking assistance from NDSS, he or she contacts the health care service provider directly. The service provider contacts the transportation provider and arranges transit services. While transportation service agreements are between the medical service provider and the transportation provider, rates for transportation services are still negotiated between the transportation provider and NDSS and trips must still be pre-authorized by NDSS.

Major Providers

Day treatment clients are generally provided congregate transportation in a van or bus. The largest provider is Acme Bus Corporation. Acme provides day treatment transportation services to Nassau County mental health clients. Total Medicaid reimbursement to Acme in SFY95 was about $1.8 million. Second to Acme is DDI Enterprises, a for-profit subsidiary of the DDI Foundation, which also includes the not-for-profit Suffolk Child Developmental Center. DDI received about $1.2 million in reimbursement in SFY95. Agencies served by DDI in Nassau County include the Agency for Citizens with Learning Disabilities (ACLD), the Epilepsy Center, the Helen Keller Center, New York state's Long Island Developmental Center, the Rehabilitation Institute and the Nassau County site of the Suffolk Child Deve lopmental Center. The next largest is Vancom (formerly Jaydee & Tomfor Transportation). Their principal contracts are with AHRCs in Brookville and Plainview and United Cerebral Palsy in Roosevelt. Total Medicaid reimbursement to Vancom was about $900,000 in SFY95. The last major provider is WE Transport with Medicaid reimbursement of about $600,000 in SFY95. WE Transport provides transportation services to the Center for Development Disabilities in Hicksville plus some additional work for the AHRC and the Long Island Head Injury Association. Remaining providers receive $200,000 or less in reimbursement.

Rates are lower than for ambulette transportation (reflecting higher average loadings) and typically range from $16.50 for Vancom to $27 per round trip for WE Transport and Acme Bus. One exception to this range is rates paid to Stewart Taxi, which range from $40 to $80 per round trip. Stewart Taxi is used to transport clients when other alternatives are unavailable.

Local Share

Although the total cost of Medicaid-funded day treatment transportation was about $5 million in SFY 1995, the county share of this total is much lower. Of Medicaid spending for mental health transportation (about $1.1 million), the county share is about $275,000. The county share of transport to day treatment sites for those classified as mentally retarded or developmentally disabled is adjusted in two respects: First, any MR or DD client who was once in a state residential treatment facility (called "621

eligible") is the responsibility of the state of New York. Their cases are wholly managed by the state and all treatment and transport costs are paid by state taxpayers. Individuals who have never been placed in a state institution are eligible for "overburden" aid. With the exception of individuals who live at home and receive habilitation services*or* receive less than 45 units of day treatment, the county is reimbursed for the local share of treatment and transport costs for county MR and DD cases (i.e. all MR and DD clients who are not 621 eligible). Thus the county pays 25% of the cost, but has that cost rebated, often six months or a year later. The net county cost of caring for overburden-eligible MR and DD clients is the interest foregone between the time of initial payment and the state rebate. As the total county share of day treatment for overburden eligibles is about $1,000,000, the net cost to the county is roughly $60,000 assuming a 6% cost of capital and one year between the county payment and the state's rebate.

Clients living at home are not eligible for overburden aid until they have used 45 units (days) of treatment within a quarter. In practice, most are overburden eligible. One final adjustment: While day *treatment* services are covered by the overburden provisions of state law, day*habilitation* services are not and this is the OMRDD day service that is expected to grow in the future.

State record keeping is viewed with suspicion by county social service districts, however. Constant debate over the lists of individuals who qualify for overburden aid has made this a contentious topic between counties and the state.

NYS OMRDD Planning "Bundled" Rate

Fortunately, state OMRDD and DSS have proposed a dramatic simplification of the entire reimbursement mechanism, completing the state's takeover of the costs of caring for the MR and DD populations. With the cooperation of DSS, OMRDD has proposed in the current budget that transportation be incorporated into a "bundled" rate for all services, including day habilitation. Part of the process of creating a bundled rate will include reducing by 10% the total allocated for transportation statewide. Under the present system, those who have the greatest amount of contact with the client and are in the best position to reduce transportation cost—the treatment provider—have no financial incentive to economize on the cost of transport.

- **Treatment providers have no incentive to consider geographic proximity when accepting clients.** While the options are few for placement of some clients, others could be placed in several different facilities across the county—particularly in a populous county like Nassau. While Nassau County Office of Mental Health, Mental Retardation and Developmental Disability exercises some control over the placement of clients in specific centers and routinely

considers the cost of transportation, they do so over the protests of treatment providers. Other counties do not formally consider transportation cost when approving day treatment placements.

- **Treatment providers have no incentive to consider coordinating transportation with other treatment facilities.** For example, DDI transports a handful of clients from the western edge of Nassau County to treatment centers in Suffolk County. These few clients could probably be transported for less cost by transportation providers who have a concentration of clients in the western part of the county.
- **Treatment providers have no incentive to modify hours of operation.** If virtually every program begins at 9 am, it is impossible for a transporter to use a single bus and driver to service two different facilities. While bus companies can reduce the hours of their drivers and rely on part-time employees, they still must have twice as many vehicles available. While there is substantial opposition from client families and workers (particularly when this is subject to negotiation) to a change in the beginning and ending times of programs, an incentive to service provider management might enable them to make a more concerted effort to change.
- **Treatment providers select the transporter, but don't negotiate price.** The treatment providers have no incentive to establish a competitive bid process for transport services. As this has now been made possible by the waiver of freedom-of-choice requirements, it is important that those who control the contract also bear responsibility for the cost.
- **Treatment providers don't have an incentive to encourage travel training for public transit.** The treatment providers are in the best position to identify individuals who are capable of using the public transit system with some assistance and to provide (either directly or under contract) any necessary travel training.

While the bundling of all day treatment transportation costs into an all inclusive rate is part of the administration's budget proposal, this qualifies as an administrative action and does not require legislative approval. Even if the financial aspects of the proposal are substantially revised by the legislature, OMRDD may go ahead with bundled rates as of July 1, 1996. In general, treatment facilities have been supportive of the proposal, even though it means a reduction in total dollars received. Counties are strongly supportive as the proposal eliminates an administrative headache—particularly the burden of prior authorization—and the remaining local share of the cost of caring for the MR and DD populations.

This state initiative obviates the need for Nassau County to establish a brokerage system for day treatment transportation, although any company capable of providing brokerage services would be eligible to offer these services to treatment facilities. The initiative removes the county's financial liability for transportation expenses for MR and DD day treatment and day habilitation clients.

The Nassau County Department of Mental Health has developed an innovative approach to managing its transportation costs. Instead of adopting the conventional Medicaid approach to transportation pricing, which forces pricing into a fee-per-client model, Nassau Mental Health sought bids on a bus hour basis. The department performs bus scheduling internally to ensure that the routes are optimally managed. To the extent that an additional client can be added to an existing route without pushing the bus route into a higher reimbursement category, Acme receives no additional compensation.

For its part, the department agreed that Acme could establish a quasi-fixed route system, requiring most MH clients to walk to a specified corner instead of being picked up at their residence. This enables Acme to significantly reduce the cost of providing the service. By centralizing management of individual bus routes and requiring clients to walk to specific stops, the costs of mental health transportation are significantly less.

For reasons not apparent to our interviewees, the bid request for Mental Health transportation services specified the use of yellow school buses instead of vans. These vehicles are more expensive than conventional vans and are also more readily recognized as "special" vehicles, thus they may increase the stigma involved in program participation. The school bus is also less comfortable for adults than a conventional van.

Medical Transportation Administration

The Medical Transportation Unit within Nassau County Department of Social Services (NDSS) is responsible for certifying approved vendors, pre-approving transportation, assigning providers and monitoring fraud. Taken together this is a complex and important set of tasks.

Pre-approval is the highest day-to-day priority for NDSS staff members. While individual providers submit to New York state's MMIS system for reimbursement, they must have a pre-authorization code from NDSS before they do so. After a transportation request has been approved, NDSS staff transmit the authorization to the vendor via fax. Recurring trips ("multiples") are pre-approved as a block. A recipient who receives regular kidney dialysis, for example, can have a set number of trips pre-approved, allowing the transportation provider to bill against the total until the number of approved trips has been exhausted.

A second task is to assign providers. Under the freedom of choice requirement of federal Medicaid law, recipients have the right to request a specific vendor. NDSS estimates that 80% of all transit requests specify a vendor. The providers are keenly aware of the importance of customer loyalty and

cultivate their clientele. Medicaid eligibles who do not specify a transportation provider are assigned to a provider on a rotating basis by NDSS staff.

The third task of the Medical Transportation Unit is to monitor possible fraud, both by providers and by individuals who incorrectly claim Medicaid eligibility. Provider fraud is a particular concern in the case of multiple trips. NDSS has recently begun requiring attendance sheets from the service providers, enabling NDSS staff to cross-check the transportation vendor billing against trips actually completed. Unfortunately, chronic under staffing of the NDSS Medical Transportation Unit has prevented systematic review. In interviews with Medicaid transportation vendors, CGR was told that defrauding the system is relatively easy.

The final task of the Medicaid transportation section is the certification of vendors. The current staff have improved oversight by requiring a certificate of insurance, proof of DOT certification, and proof of inspection for all vehicles. While an improvement on past practice, this is still insufficient, however. The vendors interviewed by CGR believe that stricter performance standards should be imposed on the industry to ensure that vendors who fail to meet appointments or routinely refuse longer trips be sanctioned. We are also concerned that there are insufficient controls in place to ensure that all vendor vehicles and drivers meet minimum standards.

Pre-K Handicapped Transportation

Nassau County desired an exclusive transportation system for its preschool handicapped education program in order to control rapidly escalating costs. Preschool special education is actually two separate programs funded by two separate agencies. The Department of Health is responsible for special education programs for infants and toddlers age 0 to 3 years old while the Department of Education oversees programs for pre-schoolers age 3 to 5 years old. The numbers of participating children have skyrocketed. Eligibility is loosely defined and participating children range from those with Downs syndrome and other motor impairments to those attending speech classes. The parents of these children are often well-educated and well-informed about the funding program, making them effective advocates.

The county contracted with Hudson General Corporation to manage the transportation of its handicapped children. Hudson General serves as a broker and Acme Bus is the sole provider of transportation services. Acme serves nearly 2,000 children, transporting them to 28 sites across the county.

The contract with Acme Bus incorporates many features which could serve as models for similar contracts around the state. For example:

- Acme Bus service is purchased in time blocks of set length, usually three or four hours. and Hudson General is responsible for scheduling and route design. For example, Hudson General could add a new client to an existing route serviced by a four hour bus which runs for three hours and forty minutes. As long as the additional client does not make the run longer than four hours, there is no additional cost to the county.

- The contract makes the provider liable for numerous performance measures and specifies the employment of three full time inspectors. Hudson General inspectors travel in unmarked vehicles who follow buses on routes to schools, writing up violations, performing on site inspections and meeting with parents, and provide a degree of oversight any county would find difficult to match.

- The contract contains a laundry list of penalties for which the provider can be held liable. These include deductions of the cost per day for penalized buses or fractions thereof for everything from failure to conform to schedules to failure to keep vehicles clean.

The contract was worth $10.7 million to Acme Bus in the 1994-95 school year. Over the course of the year, Hudson General disallowed $27,000 in reimbursement claims for contract violations.

Hudson General received a flat rate reimbursement of $386,000 for managing this contract for the 1994-95 school year. While the contract with Acme Bus is noteworthy for its use of performance incentives, the contract with Hudson General is relatively lacking in incentives and specified penalties. Although Hudson General appears to effectively contain costs, we recommend that performance incentives be incorporated into future contracts.

Another feature of the contract with Acme Bus calls for the exclusive use of vehicles for pre-school special needs transportation. These vehicles must sit idle between the times children are taken to their programs and picked up to go home. During this time they could be used for medical appointments or other purposes.

Transportation for the Elderly

Nassau County has a comprehensive and coordinated network of 31 senior centers consisting of Senior Community Service Centers, Senior Day Care Centers and Special Focus Centers. The Senior Community Service Centers offer a variety of recreational and educational services, the Senior Day Care Centers are designed for the frail elderly and have specialized staffs and the Special Focus Centers are targeted to meet the needs of particular groups of seniors. Most centers provide their own transportation, although some subcontract. Transportation funding comes from the federal government through Title IIIB of the Older Americans Act, from the New York State Community Services for the Elderly Program and some County support.

The total cost of transportation for seniors in 1994 was about $993,000 and the County's share of this was just under $200,000. The average cost per trip for both senior center and day care is $3.88, of which the County pays $0.76, making transportation for seniors the least expensive piece of the specialized transportation pie. According to the County Senior Citizens Department, overall funding for senior transportation has been static since 1991. The centers use the most affordable vehicles and many drivers are part time or retired. Centers using outside contractors actually have higher unit costs in many cases than others. Levittown and Port Washington, for example, have per unit costs of $9.10 and $7.40 respectively.

Nassau County Senior Citizens Transportation Costs
Calendar Year 1994

	Transportation Units*	Elderly Served**	Total Cost	County Share	Total Cost per Unit	County Share per Unit
Senior Centers						
Farmingdale SCSC	16,567	113	$70,167	$12,752	$4.60	$0.77
Franklin Square SCSC	14,169	116	$68,045	$13,329	$4.80	$0.94
Freeport SCSC	28,764	87	$41,085	$2,498	$1.43	$0.09
Glen Cove SCSC	19,571	203	$65,152	$5,038	$3.33	$0.26
Great Neck SCSC	27,784	141	$66,148	$4,588	$2.38	$0.17
Helen Keller Services***	664	45	$21,130	$1,300	$31.82	$1.96
Hempstead SCSC	11,148	66	$42,398	$2,881	$3.80	$0.26
Herricks SCSC	5,198	100	$34,845	$7,575	$6.70	$1.46
Inwood SCSC	9,279	89	$31,621	$2,123	$3.41	$0.23
Island Park SCSC	9,520	73	$44,143	$9,596	$4.64	$1.01
Levittown SCSC	3,871	106	$35,231	$7,659	$9.10	$1.98
Long Beach SCSC	10,603	138	$30,728	$2,045	$2.90	$0.19
New Cassel SCSC	6,009	30	$32,366	$1,650	$5.39	$0.27
Oceanside SCSC	7,136	256	$74,300	$15,033	$10.41	$2.11
Oyster Bay SCSC	16,987	160	$19,565	$1,701	$1.15	$0.10
Port Washington	7,704	46	$57,037	$3,975	$7.40	$0.52
Seaford SCSC	11,626	98	$47,051	$10,229	$4.05	$0.88
Shoppers' Bus	9,690	75	$31,015	$2,697	$3.20	$0.28
Total	**216,290**	**1,942**	**$818,028**	**$106,669**	**$3.78**	**$0.49**
Day Care						
Levittown	2,060	21	$17,167	$2,389	$8.33	$1.16
Project CARES	2,504	19	$29,671	$4,883	$11.85	$1.95
Syosset Day Care	6,532	34	$43,996	$6,654	$6.74	$1.02
Total	**11,096**	**74**	**$90,835**	**$13,926**	**$8.19**	**$1.26**
County Operated						
North Merrick SCSC	9,202	54	$39,248	$34,129	$4.27	$3.71
Roslyn SCSC	19,475	431	$45,217	$39,319	$2.32	$2.02
Total	**28,677**	**485**	**$84,465**	**$73,448**	**$2.95**	**$2.56**
Grand Total	**256,063**	**2,501**	**$993,328**	**$194,043**	**$3.88**	**$0.76**

*One way trip per person

**Unduplicated count

**Transportation service instituted mid-year

Transportation services are also provided by the individual municipalities. These services are generally supplemental and are not coordinated with the County.

- The Town of North Hempstead operates eight buses, two of which are dedicated to senior services. All are paid for by the town. The buses provide door to door services for the town's frail elderly.

- The City of Glen Cove provides door to door service for medical appointments and once a week food shopping trips to senior residents registered at its senior centers. Transportation service is also augmented by the City Loop bus which has a fare of fifty cents. Glen Cove owns three buses, including one purchased with a mix of city and county funds, and one donated by a not for profit organization.

- The Town of Hempstead provides transportation to senior centers and for shopping trips. The town owns 28 buses, most from the 1980s, which are stored and serviced in a central garage.

- The City of Long Beach has no vehicles dedicated to seniors, but does offer a senior discount on its fixed route system. The city provides one bus to the Jewish Associations of Services for the Aged (JASA) on a subscription basis for service to meals and special programs.

With an average cost per unit of service of $3.88, transportation for seniors would seem a relative bargain. The centers use a number of part time drivers, low paid drivers and volunteers to keep costs down. Barring any precipitous decline in the availability or quality of service, CGR recommends the county leave this system intact.

Able Ride

The federal Americans with Disabilities Act (ADA) of 1990 has been called "the granddaddy of unfunded mandates." One of the act's provisions has a significant impact on the transportation cost burden of Nassau County as it requires that transportation services be provided to all mobility-impaired persons who live within ¾ mile of a fixed route. Eventually, bus companies are to replace all existing equipment with accessible vehicles (buses either with a lift or a ramp). In the interim, all persons who live within the ¾ mile limit must be serviced by specialized paratransit vehicles. After all line haul buses are accessible, individual service must still be provided to persons living within the ¾ mile band who are unable to reach the bus stop

due to their impairment. MTA Long Island Bus anticipates that the entire fleet of line haul buses will be handicapped accessible by 2002.

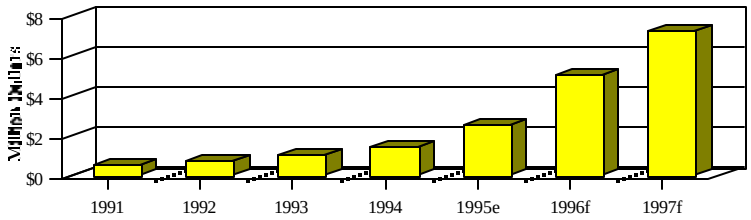
Operating costs for the Nassau County ADA program have risen from under half of a million dollars in 1991 to a forecasted total of $2.5 million in 1995 and are projected to rise to $7.2 million by 1997. This does not include capital costs. Capital costs are projected to rise dramatically in the next few years as MTA Long Island Bus purchases additional vehicles and hopes to build a new bus garage for the enlarged paratransit fleet. Paratransit-dedicated capital costs were estimated to be slightly under one million dollars in 1995.

The Able Ride fleet includes 43 vehicles at present and is planned to rise to 66 vehicles by January 1997, the date that full compliance with ADA provisions is required. Although the county reports a total of 441,000 miles and 34,000 hours of operation for the Able Ride fleet in 1995, there is substantial demand from the mobility-impaired population that is still not being met. Each individual is limited to eight trips per month. Filling all service demands is expected to require a significantly larger fleet. MTA Long Island Bus has developed a plan to meet demands for service by January 1997, but at substantial cost to Nassau County. Under federal Department of Transportation implementing regulations (49 CFR 37.151), a temporary time extension can be granted due to undue financial burden. An extension can be granted for any of the six service criteria (service area, response time, fares, trip purpose, hours/days of operation and capacity constraints). MTA Long Island Bus is considering whether to recommend that Nassau County pursue an extension under one or more of the ten factors cited by the Federal Transit Administration.

Management of the Able Ride program was shifted from Hudson General Corporation to MTA Long Island Bus in July 1995. This change in management enabled Nassau County to secure additional federal funding for vehicles.

Able Ride Costs Rise

Operating Costs Only



Source: MTA LI Bus

e=estimate; f=forecast

Historically, Nassau County has not denied paratransit services to mobility-impaired individuals who live outside the required ¾ mile band, although the extent of service outside the band is unknown. MTA Long Island Bus has plans to begin using a GIS-based scheduling system within the coming year which will enable the company to identify precisely how many individuals are being transported who do not have a legal right to the service.

At the present time, the fleet of paratransit buses are fully employed, with the period from 3 pm to 5 pm being the period of highest demand. There is a significant unmet demand for additional trips, particularly work trips (although ADA restricts worktrips to no more than 50% of capacity between the hours of 9 am and 5 pm).

Other Transit Services

A. Holly Patterson Nursing Home

The county nursing home has had a transportation department for many years and once operated numerous vehicles. At the present time, the facility operates two vehicles. These include a former Nassau County Police Department sedan and a 1989 Ford minibus that accommodates four wheelchairs and three ambulatory patients. The vehicle is used principally to transport nursing home residents to the Cerebral Palsy Center in Roosevelt. Due to limited capacity, the driver takes two runs each in the morning and afternoon each day the center is open. As the bus is aging and requires frequent repair, the nursing home has requested that the county purchase a new vehicle. To eliminate the need for two runs, the nursing home has requested that the replacement vehicle accommodate ten wheelchairs. When the driver is unavailable or the bus is laid up for repairs, the nursing home has a contract with Varsity Transit. The cost of using Varsity Transit is $268 per day. When Varsity's services are required, a nursing home staff member accompanies the bus. The nursing home employs one driver full time to drive the bus and run errands using the excessed police sedan.

Incidental transportation of nursing home residents to the county medical center or medical appointments is provided by eight ambulette and three ambulance companies on a rotating basis. The system was established many years ago after a Suffolk County service provider sued the county under the freedom of choice requirement. The rotation is established months in advance. Each ambulette company is "on call" for all invalid coach transportation needs once every eight days. Waiver of the freedom of choice requirement will enable the county to bid the entire nursing home contract to a single firm, probably reducing costs.

Veterans Transportation

Veterans frequently require transportation from their homes in Nassau County to the Veterans Administration hospital in Suffolk County. To facilitate this need, the Office of Veterans Service coordinates a group of volunteer drivers and provides six county sedans, all of which are surplus Nassau

County Police Department vehicles. In addition, the county owns one van that can accommodate three wheelchairs and eight ambulatory passengers. This vehicle is also driven by volunteers. Generally, the county arranges for two trips to the hospital each day, one in the morning and one in the afternoon.

Nassau County Medical Center

Nassau County Medical Center (NCMC) owns two ambulances, three passenger vans and five ambulettes, four of which are usually in service at any time. At one time, the NCMC had a staff in excess of 20 and was a part of the 911 system. Due to staffing cuts, NCMC discontinued emergency ambulance service. Today the ambulances, both 1991 models, are idle. The hospital employs four drivers for the remaining eight vehicles. They provided approximately 6,400 one way passenger trips in 1995.

NCMC transportation is used in cases of immediate, but not emergency, need and when other options are not available. Medicaid eligibles are transported by approved Medicaid carriers, those with private insurance or Medicare coverage usually have other carriers as well. NCMC will transport non-ambulatory Medicare patients who can travel in a sitting position.

Most patients NCMC transports are uninsured. The NCMC social service staff determines when NCMC transport will be used and their determination is usually based on the patient's inability to obtain insurance. Many of those transported are pending Medicaid eligibles. NCMC is reimbursed retroactively for medical services when they become eligible. Because NCMC is not an approved Medicaid transportation provider, they are not reimbursed for transportation costs.

NCMC also operates a passenger van service between the Inwood Health Center and NCMC. Inwood patients are referred to various clinics at NCMC by their care providers at Inwood. This transportation service has existed for 27 years and began when Inwood was a satellite clinic of NCMC. The service continued after Inwood fell under the auspices of the County Department of Health. There is presently no effort to bill Medicare, Medicaid or other insurance for the service. Staff at Inwood or NCMC do not know how many Medicaid eligibles are transported because the only information recorded is a patient's NCMC 'A number,' an internal code. The cost of this service is borne by the county with reimbursement of 40 percent of net cost from the state under Article 6 of the Public Health Law.

NCMC transportation is operating at greater cost to the county than necessary. The bulk of operations are entirely county supported, with the exception of partial state reimbursement for the Inwood service and some payments from insurers. A check of records indicates that NCMC is not receiving Medicare reimbursement for non-ambulatory transportation. CGR estimates the cost of NCMC's

transportation operation to the county to be $243,000 annually, including salaries, operations and maintenance, capital and administrative costs. CGR estimates the average cost of service to be $38 per one way trip for 1995, based on an estimate of 6,400 trips.

There is no clear reason for the county to maintain this service in its present form. It does not appear that the county has examined the question of whether or not it ought to be in the medical transportation business and what its role should be.

- NCMC is not a Medicaid transportation provider. The application process is not difficult. Currently, NCMC social workers assist uninsured patients in applying for Medicaid. If NCMC were an approved Medicaid transportation provider, any eligible transportation would also be reimbursed retroactively for up to three months.
- NCMC has two 1991 ambulances which sit idle and eight other passenger vans and ambulettes. With only four drivers working no overtime, these vehicles are idle much of the time. It makes no sense to keep and maintain two ambulances or to have more ambulettes and vans than drivers. If NCMC is not going to expand its transportation service, it should sell or donate excess vehicles to other departments.
- The Inwood service may be partly reimbursable through Medicaid. The county Department of Health has explored the idea of expanding this type of service as a way of maintain the market share of the Nassau County Medical Center in the face of stiff competition from for-profit HMOs.

COST CONTAINMENT AND SERVICE COORDINATION: RECOMMENDATIONS

Introduction

The most costly specialized transit programs operated with county funds within Nassau County are the Pre-K Handicapped Children's Transportation Program, Medicaid and Able Ride. Other specialized transport services are numerous—from Senior Citizens' transportation to the volunteer drivers of the Office of Veterans Service—but the bulk of cost is in the three programs above.

CGR's analysis indicates that the Pre-K Handicapped Children's Transportation Program is already run very efficiently by the Hudson General/Acme Bus team and our informants agree with this

assessment. We included this program in the section following titled "Best Practices in Specialized Transportation."

The county just shifted management of the Able Ride program from Hudson General Corporation to MTA Long Island Bus in 1995, enabling the county to secure additional vehicles with federal funds. Able Ride's cost per trip is estimated at a relatively high one way cost of $37 and trips per hour are estimated at a relatively low 1.2 trips per hour. The program has been expanding very rapidly, however, (the number of buses has doubled within the previous year) and increases in efficiency are expected by management as an improved scheduling system is put in place and the administrative team adapts to the larger service capacity. CGR was not asked to make recommendations about the Able Ride program itself, although we discuss how MTA Long Island Bus can be helpful in reducing Nassau County's total specialized transit bill.

Summary of Findings

CGR was asked to assess the feasibility and cost effectiveness of a large-scale coordination program for all specialized transit services. Discussed in detail below, CGR concludes that coordination of large portions of the specialized transit system would save the county considerable funds. In some cases, however, either the special needs of the population or the particulars of service delivery suggest that the *status quo* should remain in place. In brief, while virtually all Medicaid services would benefit from coordination, we recommend that transportation services for the elderly and veterans continue in their present form.

Two changes in the Medicaid area will result in significant savings for Nassau County. First, New York state indicates its intention to take over all costs and oversight responsibility for the mentally retarded and developmentally disabled. If this is put into place on July 1 as planned, this change will reduce both transportation costs and administrative expenditures for Nassau County Medicaid. In addition, federal approval of New York's application for a waiver from the freedom of choice requirement for Medicaid transportation will enable the county to achieve both the benefits of coordination and reduce unit costs through competitive bidding.

Detailed Recommendations

Medicaid

Medical Transportation Administration

UCGR RECOMMENDS: PRIVATIZE MEDICAL TRANSPORTATION ADMINISTRATION

The staff of the Medical transportation unit is dedicated and hard-working. Nonetheless, it is clear that systematic understaffing has made it impossible for them to perform their assigned tasks, particularly with respect to monitoring fraud. The greatest potential for fraud is in ambulette transportation, a $5.9 million cost in 1995. Although one possible solution to the problem would be expanding the staff of NDSS, we believe that outsourcing is likely to save more money in the long run.

Nassau County could split internal administration of medical transportation (the role placed by the NDSS Medical Transportation unit) from external management of the transportation providers, but we believe that the synergies between internal and external management are significant and important. We recommend that Nassau County integrate day-to-day management of transportation requests, financial management, contract administration and provider scheduling under a single external contractor. The details of this contracting initiative will be discussed in greater detail below.

UCGR RECOMMENDS: ESTABLISH A BROKERAGE TO COORDINATE ALL MEDICAID TRANSPORTATION

CGR strongly urges Nassau County to employ a private contractor to coordinate the bulk of specialized transit services for the county, particularly Medicaid. The greatest payback from coordination will be ambulette and taxi transportation. Costing $6.6 million in 1995, taxis and ambulettes rarely transport more than a single client at a time as individual companies operate as solitary fiefdoms, each competing for clients from other companies.

The benefits of a brokerage would be increased loading factors in ambulettes and taxis through use of sophisticated routing and scheduling techniques and better coordination across specialized transit programs.

UCGR RECOMMENDS: INCORPORATE A PERFORMANCE INCENTIVE INTO THE BROKERAGE CONTRACT

As discussed elsewhere in this report, CGR is impressed with the professionalism of the Hudson General Corporation and its management of the pre-k program. Nonetheless, we think that the contract with Hudson General lacks one key element: There is no explicit performance incentive built into the contract. Nassau County relies on the professionalism of the Hudson General staff and the risk of losing contract renewal to achieve performance. While this has been sufficient to this point, a change in staff at Hudson General might result in a significant degradation in performance by this contractor.

We urge the county to include a performance element in the brokerage contract under discussion. This could take the form of a bonus payment based on a variety of measurable outcomes, some of which measure cost effectiveness and some of which measure quality of service. These could include one or more of the following:

- Vehicle loadings for ambulette and taxi transportation,
- Reductions in Medicaid cost from an established baseline, or
- Measures of customer service, such as timeliness of vehicle pick-up and delivery, total travel time, etc.

UCGR RECOMMENDS: ESTABLISH A BID SYSTEM FOR AMBULANCE, AMBULETTE & TAXI TRANSPORTATION

Prices for ambulance, ambulette and taxi transportation have historically been set by a one-sided process of negotiation between the vendor and the county. As all providers had to be allowed to provide service, the county established rates unilaterally and has only changed those rates after concerted efforts by the provider community. Taxi rates, for example, were recently raised as one large taxi company threatened to withdraw if rates remained unchanged. While this lopsided authority appears to have kept rates low in day treatment transportation, rates determined for ambulette transportation, in particular, appear high by state standards.

Alternative Approaches to Establishing Bids for Service

CGR recommends that the rates for ambulance and ambulette transportation be determined through a competitive bid process. The exact details of the bid process should be determined by the broker in cooperation with Nassau County. Alternatives are as follows:

Alternative 1: Establish Providers With Exclusive Rights Within Zones

For medical appointments, we expect that most clients prefer a service provider which is as close to their home as possible. If this assumption is true, then there are significant economies available to transportation providers who provide the bulk of total service within a confined geographic zone. While using major transportation corridors as the demarcation line for zones is common (e.g. south of the Southern State and east of the Meadowbrook), the broker could gather origin, destination and time of service from a well-designed reservation and scheduling system and use this information with a geographic information system to design the zones. Unfortunately, the information system currently in use in NDSS does not gather enough information for this purpose.

UCGR RECOMMENDS: SEEK BIDS FROM PRIMARY & SECONDARY PROVIDERS WITHIN EACH ZONE

Alternative bid procedures are:

- **Bids could be solicited for the exclusive right to provide service within a zone.** To ensure continued competition, the number of zones any individual contractor can win should be limited. We recommend that at least three firms be awarded contracts in each service category.
- To accommodate firms that would be unable to provide enough service to be the exclusive provider within a zone, **Nassau County could solicit bids for a primary and secondary provider for each zone.** Primary providers would bid on, perhaps, 75% of the zone market and secondary providers the remainder. To enable firms to plan appropriately, contract terms would have to involve a guaranteed level of business for each firm. The lowest cost provider within each zone would receive any additional demand. A secondary bidder might be a day treatment transportation provider who cannot allocate any vehicles during certain hours, but can provide very cost-effective service in the middle of the day. It would be responsibility of the broker's dispatcher to allocate trips according to the limitations of the providers.

UCGR RECOMMENDS: ESTABLISH ZONES BASED ON TRIP ORIGIN

Although zones based on the origin of the trip are most common, **zones could be developed zones based on the trip origin or destination.** Once again, successful bidders would acquire either exclusive, primary or secondary rights to provide service to Medicaid eligible individuals.

Alternative 2: Seek Non-Exclusive Bids for Full County Coverage

Keeping the entire county in the same bid may ensure the maximum possible competition and the lowest bid prices, if the county announces its intention to allocate service requests in bid price order, beginning with the lowest bidder.

Were the county to choose to solicit bids for the service within the entire county, the bid system should preserve a long-term competitive climate by limiting the share of the market awarded to any single firm. Subject to accepting enough bids to fulfill all anticipated transportation requests, the broker must enter into contracts and allocate trips to ensure that at least three firms be active participants in each of the three markets; ambulance, ambulette and taxi.

UCGR RECOMMENDS: ELIMINATE PER TRIP REIMBURSEMENT IN FAVOR OF ZONAL OR MILEAGE-BASED REIMBURSEMENT

Alternative Ways to Set Rates

One of the inefficiencies of the current system of compensating ambulette and ambulance operators is the relatively crude variation in rate from differences in distance. All transportation within Nassau County is compensated at the same level, regardless of whether the trip is two miles or twenty. Similarly, the rate into NYC is the same regardless of whether the trip is from Great Neck to Queens or from Massapequa to Staten Island.

UCGR RECOMMENDS: PREFERRED ALTERNATIVE: USE GIS & TAZ; SEEK BIDS ON A PER MILE BASIS

Whenever firms establish a bid price in the presence of uncertainty, they must include a risk factor. Thus to the extent that Nassau County can reduce bidder risk, it will receive lower bids from prospective providers. A "per mile" bid reduces uncertainty more than a zonal system like the one described below, as the origin and destination within the zones can affect mileage substantially. While installing meters in every ambulette is impractical, creative use of a GIS-based routing and scheduling system can enable the broker to estimate total distance traveled very accurately.

The federal government, in cooperation with local transportation planning organizations, has divided metropolitan areas into small "traffic analysis zones" or TAZs, most of which are roughly the size of a census block. Monroe County, for example, is divided into more than 400 TAZs. Public reimbursement for a Monroe County taxi and livery service involves using a GIS system to identify the origin & destination TAZs and calculate the distance from zone to zone. By applying a standard "friction factor" to the "as the

crowflies" distance, the true distance over the road network is very accurately measured and the fee set accordingly. By using the midpoints of the TAZs, the broker does not have to go to the trouble of actually selecting a route. This mileage-based system has been used for ten years in Monroe County without any difficulty.

Under the current system, ambulette and taxi operators receive the same rate regardless of the number of persons carried in the vehicle. Reimbursement is strictly based on the number of person-trips. With a per mile system, multiple passengers are easily accommodated by calculating the mileage between passengers, then the mileage from the last pickup to the destination.

UCGR RECOMMENDS: SECONDARY ALTERNATIVE: ESTABLISH PRICES ON BASIS OF TRANSPORTATION SERVICE ZONES

Just as many taxicab systems employ zones to determine the price, the bid process might also be developed on the basis of the origin zones. If the bids are established on the basis of origin zones, then an "upcharge" schedule would be established for transportation outside the zone (e.g. 20% additional for each zone boundary). The upcharge schedule could either be established unilaterally by the broker or be incorporated in the request for bid. As taxis are already equipped to bill on the basis of mileage, this system should continue.

It is essential that the broker gather and analyze origin and destination information prior to releasing a request for bid to prospective transportation vendors. We suggest that the request for bid include a full set of adjustments by zone and that the transportation vendor be asked to submit only the base rate. An example follows:

Travel within zone	Travel to location in adjacent zone	Travel to location two zones distant
Base Rate	Base Rate + 50%	Base Rate + 100%
$20	$30	$40

Unlike the mileage system described above, a zone system would necessitate devising a different system of compensating zone-paid providers for multiple passengers. If a zone payment system is used, we recommend that the broker establish a fixed proportion of the base rate for carrying an extra person or persons to a nearby location. Sophisticated computer software for routing and scheduling required of

the transportation broker will enable the broker to "batch" individual trips and transmit a series of mini-routes to the transportation vendor instead of a series of single pick-ups, as is the case presently.

It is essential that the broker gather and analyze origin and destination information prior to releasing a request for bid to prospective transportation vendors. We suggest that the request for bid include a full set of adjustments by loading and that the transportation vendor be asked to submit only the base rate. Alternatively, each bidder could be asked to submit a complete price schedule. This would create two problems: First, each individual bidder would have to separately make all the calculations, increasing the cost of bidding. Second, the resulting bids would be very difficult to compare.

An example follows:

One Person in Vehicle	Two Persons: Origin in Same Zone to Destination in Same Zone	Three Persons: Origin in Same Zone to Destination in Same Zone
Base Rate	Base Rate + 50%	Base Rate + 100%
$20	$30	$40

Loading and zone adjustments would build upon each other. Using the numbers from the examples above, the provider could receive 50% of the base rate for travel to another zone plus an additional 50% of the base rate for carrying an additional person, for a total payment of $40 for the trip.

UCGR RECOMMENDS: ESTABLISH AND ENFORCE CLEAR PERFORMANCE STANDARDS FOR ALL PROVIDERS

In an attempt to reduce cost, Nassau County cannot afford to suffer a substantial degradation of service. In general, existing providers offer a high level of service. Performance standards should be established that cover the following:

- Timeliness (a particular issue for emergency transportation),
- Vehicle safety,
- Driver training (including sensitivity training for individuals with disabilities), and
- Driver performance (conformity to written code of behavior).

It will be the responsibility of the broker to police these standards (incorporating procedures similar to those in place for the Pre-K Handicapped Children program) and to apply appropriate sanctions when violations occur.

Encouraging Appropriate Use of Ambulettes

Anecdotally, physicians readily approve the use of ambulettes for individuals who are not confined to a wheelchair. As long as the individual can leave the wheelchair or navigate with a walker, they are capable of using a taxi and need not use the more expensive ambulette.

UCGR RECOMMENDS: WORK WITH PHYSICIANS TO ENCOURAGE APPROPRIATE VEHICLE

The form used by physicians to request Medicaid transportation (form 2290 *Physician's Recommendation for Medical Transportation* Rev5/82) does not list criteria for ambulette or taxi transportation. The form should be revised to clearly indicate that only individuals confined to a wheelchair should be approved for ambulette use.

UCGR RECOMMENDS: REVISE FORM 2290 TO IDENTIFY CONDITION OF CLIENT, NOT VEHICLE

We recommend that the form be revised to eliminate the TYPE OF VEHICLE REQUESTED option. We suggest that three choices be provided to the medical practitioner, e.g.

- Client must travel in a prone position
- Client is wheelchair-bound and must remain in the wheelchair during transit
- Client does not require wheelchair vehicle but cannot use public transit

Only persons whose medical practitioner selected "wheelchair-bound" would be permitted to use ambulette transportation.

UCGR RECOMMENDS: TAXI TRANSPORTERS SHOULD BE REQUIRED TO PROVIDE CLIENT ASSISTANCE

A set of standards for taxi transporters will need to be established if NDSS shifts a significant share of clients from ambulette to taxi transport. These would include providing assistance to clients requiring extra care.

Day Treatment Transportation

UCGR RECOMMENDS: IF NEW YORK STATE OMRDD FAILS TO IMPLEMENT PLANNED "BUNDLED" DAY TREATMENT RATES, INCORPORATE DAY TREATMENT TRANSPORTATION INTO COUNTY BROKERAGE

OMRDD's decision to establish a bundled rate that includes treatment and transportation should reduce the aggregate cost of day treatment transportation. Under current rules, each day treatment facility makes transportation decisions (by setting treatment times and selecting a provider) yet bears none of the financial consequences of their decisions. By creating a financial incentive for coordination, we hope that day treatment providers will explore the cost-saving potential of coordination. The firm that is awarded the county brokerage contract may wish to pursue the treatment centers as clients. Alternatively, another firm, perhaps one of the firms currently providing day treatment transportation services, may assume the role of broker and offer coordination services to all the centers.

In the event that the proposed change in rates does not occur, we strongly recommend that day treatment transportation be coordinated under the brokerage model proposed above. In general, we do not believe the day treatment transportation needs of the OMRDD population and the medical appointment transportation needs of the general Medicaid population would be productively integrated in the same routes, although the same vehicles and providers could certainly service both populations. If day treatment transportation remains a county obligation, we recommend the following steps:

- The Nassau County Department of Mental Health, Mental Retardation and Developmental Disability has established a policy of placing individuals in the closest treatment center possible, despite the protests of some treatment centers (notably Sara's Center). This policy should continue. The capitation of transportation costs by OMRDD through use of a bundled rate will provide an incentive for treatment centers to cooperate more fully with this policy.
- Day treatment facilities should be strongly encouraged to develop a set of staggered times of operation to enable the efficient delivery of transportation services. The potential savings from staggered programming is substantial. We suggest that treatment centers that collaborate to facilitate cost reduction be allowed to share in the financial reward. The county's transportation broker, through an analysis of origin and destination information, could "pair up" treatment centers who might be able to share bus routes and jointly bid their transportation needs, awarding half of the savings to the centers.
- Following the example of the Pre-K Handicapped Children program, bids should be solicited on the basis of actual hours of operation, not the number of individuals transported.

Department of Mental Health

UCGR RECOMMENDS: CONSOLIDATE TRANSPORTATION ADMINISTRATION UNDER COUNTY SPECIALIZED TRANSIT BROKER

At present, transportation (both to Medicaid day treatment and non-Medicaid eligible trips to other services) for the mentally ill is administered by staff of the Department of Mental Health, with actual transportation services provided by Acme Bus Company. While this could continue, we believe that there are scale economies involved in consolidating administrative oversight in an outside contractor. Transportation coordination is a specialty. We are not convinced that the task of transportation coordination is better managed within a county mental health department than by a professional transportation coordinator.

UCGR RECOMMENDS: ELIMINATE REQUIREMENT THAT YELLOW BUSES BE USED FOR MENTAL HEALTH TRANSPORTATION

As discussed above, CGR could find no justification for the use of yellow buses in the transportation of adults. Eliminating this requirement would reduce cost and possible stigma associated with the program.

Schedule of Events: Establishing a Brokerage for Medicaid & Mental Health Transportation

UCGR RECOMMENDS: ESTABLISH A AMBITIOUS, BUT REALISTIC IMPLEMENTATION SCHEDULE

Establishment of a brokerage and transfer of administration responsibility from NDSS to an outside vendor are complex undertakings. There are a significant number of individual tasks that must be completed before the transfer of authority can be completed.

We recommend the following timetable for implementation of a brokered transportation systen

- By **JUNE 1**, Nassau County shall issue a request for proposals for the following services:
  - Receipt and disposition of all transportation requests from Medical Assistance (MA) eligibles (excepting OMRDD clients) and clients of the Nassau County Department of Mental Health (for both Medicaid-funded and CSS-funded trips);

- Selection and customization of a computerized reservation, scheduling and routing system that will enable the contractor to capture accurate origin and destination information by time of day for all transportation requests, generate cost-effective routing, assign pre-authorization number for Medicaid-eligible services, and provide properly formatted, machine-readable report to feed MMIS;
- Financial management of all Medicaid and Mental Health transportation services, including monitoring of vendor payments and state payments;
- Administration of provider contracts, including the design and administration of a system of bids for transportation services; and
- Coordination services designed to deliver quality transportation services at the lowest cost possible.

Proposal responses should be received by **JULY 1**. Given the complexity and variety of the tasks proposed, prospective bidders must have no less than 30 days to develop a response.

~ By **AUGUST 1**, Nassau County shall award a contract to the preferred transportation administrator/broker. If the county can select the successful bidder and award the contract in less than one month, this is desirable and would shift up the entire schedule.

~ By **SEPTEMBER 1**, the contractor shall provide Nassau County with an implementation plan for approval by county staff and begin training staff to assume responsibility for Office of Mental Health transportation. We recommend that the contractor be allowed a month to spend planning the implementation with members of the Medical Transportation unit of NDSS and Nassau County Mental Health. CGR does not believe that NDSS can provide sufficient information about call volume and timing to enable the contractor to submit a complete implementation plan in the initial proposal. During the first month of the contract, the contractor would also be selecting a computer system and ordering hardware and software.

~ By **OCTOBER 1**, the contractor shall have its computerized scheduling system in place, begin training staff for general Medicaid transportation services and assume all responsibility for Office of Mental Health transportation requests. By taking over responsibility for the mentally ill population, the contractor will have an opportunity to test the computer system and staff on a lower volume of transportation requests.

~ By **NOVEMBER 1**, the contractor shall assume all responsibility for Medicaid transportation service coordination.

~ By **JANUARY 1**, the contractor shall present a preliminary service coordination implementation plan to Nassau County for approval. Design of the service coordination plan requires good information on the origin and destination of individual trips by time of day. The system in place at

NDSS does not capture this information. At least 60 days of data will be required to enable the contractor to develop a preliminary coordination implementation plan.

- By **FEBRUARY 1**, the contractor shall issue a request for bids to prospective transportation providers. Bidders will be given 30 days to respond.
- By **MARCH 1**, Nassau County and the broker shall select and award contracts to transportation providers. Broker shall implement plan with successful transportation vendors.

Pre-K Handicapped Transportation

UCGR RECOMMENDS: INVITE SCHOOL DISTRICTS TO CONTRACT WITH COUNTY FOR KINDERGARTNERS TRAVELING TO SAME TREATMENT SITES

Presently, some kindergartners are transported to the same sites that serve pre-kindergarten special needs children on school buses. The county could realize some benefit by contracting with school districts to transport kindergartners to these programs with the pre-schoolers already scheduled. Of the districts contacted by CGR, some have long-term contracts with transportation providers that would make it impossible for them to collaborate in the short term. Others indicated interest in discussing the issue further.

UCGR RECOMMENDS: ESTABLISH PERFORMANCE ELEMENT IN RENEWAL OF HUDSON GENERAL CONTRACT

While the county's contract with Acme Bus is noteworthy for its use of performance incentives, the contract with Hudson General is relatively lacking in incentives and specified penalties. Although Hudson General appears to effectively contain costs, they have no specific incentives to do so. CGR recommends the county incorporate performance incentives in the renewal of Hudson General's contract.

UCGR RECOMMENDS: ELIMINATE EXCLUSIVE USE PROVISION

One feature of the Pre-K program contract CGR recommends revising is the exclusive use of vehicles for pre-school special needs transportation. These vehicles often sit idle between the times children are taken to their programs and picked up to go home. During this time they could be used for medical appointments or other purposes. By substituting clear and enforceable performance standards for the exclusive use provision, Nassau County could realize lower costs after the next bid.

Transportation for the Elderly

UCGR RECOMMENDS: LEAVE EXISTING SYSTEM INTACT

With an average cost per unit of service of $3.88, transportation for seniors would seem a relative bargain. The centers use a number of part time drivers, low paid drivers and volunteers to keep costs down. Barring any precipitous decline in the availability or quality of service, CGR recommends the county leave this system intact.

Able Ride

UCGR RECOMMENDS: KEEP ABLE RIDE VEHICLES SEPARATE FROM COUNTY SYSTEM UNTIL FULL COMPLIANCE WITH ADA HAS BEEN ACHIEVED

Vehicles that have been purchased for the use of the paratransit program should probably remain in exclusive paratransit use for the immediate future. When restrictions on use by the ADA-eligible population have been eliminated, some integration of use between the paratransit system and other specialized needs of the county may occur.

UCGR RECOMMENDS: ESTABLISH ABLE RIDE AS MEDICAID PROVIDER

MTA Long Island Bus believes that many of its trips are for Medicaid eligible purposes. Able Ride management should immediately initiate procedures for identifying which of its trips are Medicaid eligible and submit for reimbursement at the current ambulette rate. NDSS should swiftly act to certify MTA Long Island bus as an approved Medicaid provider, enabling the authority to submit directly to NYS for reimbursement through MMIS.

UCGR RECOMMENDS: AGGRESSIVELY PURSUE RE-CERTIFICATION OF ALL ADA-ELIGIBLE PARATRANSIT USERS

UCGR RECOMMENDS: INITIATE PROCEDURES TO RESTRICT ABLE RIDE USE TO INDIVIDUALS LIVING WITHIN ¾ MILE OF FIXED ROUTE

At present, Nassau County cannot afford to meet all of the needs of the ADA-eligible population. Individuals who are ineligible for service, either be reason of their physical condition or their residence,

should be denied service. We recommend that the Office of the Physically Challenged accelerate the process of re-certification and that proximity to a fixed route as an eligibility criterion be strictly enforced. Where needs exist outside the ¾ mile zone, Able Ride should be empowered to provide transportation on a fee-for-service basis.

Other Transit Services

A. Holly Patterson Nursing Home

UCGR RECOMMENDS: INTEGRATE AMBULETTE NEEDS OF NURSING HOME INTO COUNTY SYSTEM

The current practice of awarding ambulette business on a rotating basis will be unnecessary as soon as a zone-based, coordinated system of assigning trips is established. In addition, many of the trips now taken by ambulette from the nursing home could likely be taken by taxi. Once again, it is important that physicians be asked to cooperate with the county in keeping costs to a minimum, while still providing needed services.

UCGR RECOMMENDS: ELIMINATE NURSING HOME VEHICLE; CONTRACT FOR CONGREGATE TRANSPORTATION SERVICES

The nursing home has requested a new vehicle to replace the aging vehicle now in use. We recommend instead that the entire contract be put to bid. The nursing home has a standing contract with Varsity Transit for *ad hoc* daily service at a cost of $268. Were this contract put to bid for routine service (instead of only when the driver or vehicle is unavailable), we expect that the cost would be far less. If bids received are higher than the fully-allocated cost of county provision, then the *status quo* could be preserved.

Veterans Transportation

UCGR RECOMMENDS: LEAVE VETERANS TRANSPORTATION SYSTEM INTACT

The system operates with volunteers, one dedicated van and surplus county sedans. The county would be hard pressed to find an alternative arrangement that was more cost effective.

Nassau County Medical Center

UCGR RECOMMENDS: IDENTIFY MEDICAID-ELIGIBLE TRANSPORTATION SERVICES PROVIDED WITHIN PREVIOUS TWO YEARS & SUBMIT FOR REIMBURSEMENT

NDSS can submit for retroactive reimbursement all Medicaid-eligible trips performed by NCMC transportation personnel. If records permit, NCMC should work with NDSS to gather necessary documentation for immediate submission to NYS DSS for Medicaid-eligible trips already completed.

UCGR RECOMMENDS: ESTABLISH PROCEDURES TO ENSURE THAT ALL MEDICAID-ELIGIBLE TRIPS BY NCMC STAFF ARE IDENTIFIED AND REIMBURSED

NCMC should be directed to immediately establish procedures for capturing Medicaid eligibility for purposes of reimbursement.

UCGR RECOMMENDS: CERTIFY NCMC AMBULETTE SERVICE FOR MEDICAID REIMBURSEMENT

NDSS should immediately take steps to certify NCMC ambulette service as an approved Medicaid provider.

UCGR RECOMMENDS: PUT NCMC TRANSIT SERVICE OUT TO BID

While NCMC should begin functioning as a Medicaid provider as soon as possible, we believe that the county could realize the greatest cost savings by integrating these service needs into its specialized transportation network. The NCMC transportation unit serves the needs of uninsured patients, but the county could continue to provide this service by reimbursing the chosen carrier. The NCMC transportation unit should be allowed to bid on this contract to be a secondary provider.

Conclusion

The cost of specialized transportation in Nassau County is unnecessarily high. As a changing relationship between the federal government and the states alters the relationship between New York and its counties, Nassau County must take steps to control costs at every level of operation. CGR believes that Nassau County can realize dramatic savings in its specialized transportation costs by implementing the recommendations detailed above.

APPENDIX

Glossary

Able Ride	Presently managed by MTA Long Island Bus, Able Ride provides transportation services to county residents certified as mobility-impaired under the federal Americans with Disabilities Act of 1990.
ADA Certification	Process of determining whether an applicant is eligible for transportation services under ADA. Eligibility is determined by physical condition and by residence. Only individuals living with ¾ of a mile of an established fixed route bus line are eligible.
ADA	Americans with Disabilities Act of 1990. Mandates supplemental paratransit service for those persons unable to use fixed-route service by virtue of their disability.
Ambulance	Vehicle that enables client to travel in prone position with access to some life support equipment.
Ambulatory	Capable of walking.
Ambulette/Invalid Coach	Wheelchair-accessible vehicle with limited capacity to provide medical assistance.
Brokerage	Method of providing transportation where riders are matched with a variety of transportation providers through use of central dispatching and administrative facilities.
Bundled Reimbursement Rate	Rate of reimbursement for services rendered under Medicaid in which the cost of a variety of services are included in a single "lump sum" payment to the service provider. Enables provider to shift resources from one service element to another.
Categorically Needy	Individual who is Medicaid eligible by virtue of their membership in another need category, e.g. Aid to Families with Dependent Children (ADC), Home Relief (HR) or Supplemental Security Income (SSI).
Congregate Transportation	Transportation involving multiple passenger vehicles.

Day Habilitation	Nonresidential services provided to mentally ill or developmentally disabled persons. Emphasis is on practical skill development, not intensive treatment.
Day Treatment	Nonresidential services provided to mentally ill or developmentally disabled persons. More intensive than day habilitation.
Fixed Route	Transit services where vehicles run on regular, predesignated, prescheduled routes with no deviation.
Freedom of Choice	In order to preserve a client's choice of physician, Medicaid requires that clients have the freedom to choose their service provider. Freedom of choice was also extended to transportation providers, making coordination of services and bidding much more difficult.
GIS	Geographic information system; could be used to analyze origin and destination of specialized transit trips and to aid in the development of efficient routing and scheduling.
Medicaid	Federal program intended to provide health care to the indigent. States retain substantial discretion over services offered and pay between 21% and 50% of the cost, depending on the wealth of the state. New York bears 50% of the cost. In many cases, New York shifts half of its obligation onto the counties.
Medically Needy	Individuals who qualify for Medicaid under more generous resource definitions than apply to categorical programs such as ADC, Home Relief and SSI. New York defines the medically needy threshold as 133% of the ADC-qualifying income.
Medicare	Federal program intended to provide health care to the elderly. States bear no responsibility for the program, either financially or in terms of benefit/eligibility determination.
MMIS	Medicaid Management Information System. Information system used by county social service districts and approved Medicaid providers to authorize, claim and pay for approved Medicaid expenditures.

MTA Long Island Bus	Subsidiary of Metropolitan Transit Authority providing fixed-route service for Nassau County. County bears full financial responsibility for service cost.
NCMC	Nassau County Medical Center (county-owned and operated hospital)
NDSS	Nassau County Department of Social Services
OMRDD	New York State Office of Mental Retardation and Developmental Disability
Overburden Aid	Financial assistance provided by the state to counties to support services provided to the mentally ill and developmentally disabled who have never been in a state institution.
Paratransit	Passenger transportation that is more flexible than conventional fixed-route transit, but more structured than private vehicle use. Includes dial-a-ride, shared taxicab, subscription bus, van pools, etc.
Performance Standards	Regulatory approach that sets outcomes but does not prescribe methodology.
Service Provider	In this volume, refers to provider of *medical* service, as opposed to transportation service.
Specialized Transit	Transportation services other than private vehicle or fixed route public transit.
TAZ	Federally-designated "traffic analysis zones" used by metropolitan planning organizations for transportation planning.
Travel Training	Training for disabled, mentally ill, or mentally retarded clients that enables them to use fixed route public transit without assistance.

Best Practices in Specialized Transportation Coordination

Paratransit, Inc.

Paratransit, Inc. was created in 1978 to expand and improve local paratransit service for elderly and disabled citizens in urban areas of Sacramento County in California. Metropolitan Sacramento has a population of close to one million, with over 55,000 age 65 or older.

Prior to Paratransit, specialized transportation services in Sacramento County were offered by 31 separate agencies. The services they offered were fragmented and the agencies had numerous problems with staff turnover and vehicle maintenance. With no coordination between agencies, many vehicles were idle most of the time. Sacramento's Regional Planning Agency prepared a study in 1978 that recommended consolidation of transportation programs to achieve better coordination and better service. Paratransit, Inc. became the model for 1980 state legislation requiring each county to designate a Consolidated Transportation Service Agency (CTSA). Paratransit was given responsibility for all door-to-door transit services; the coordination and consolidation of social services transportation programs; and the operation of a centralized maintenance center.

Paratransit has its own fleet and acts as a broker for other providers. Paratransit provides centralized scheduling for its vehicles and for other companies. The company also provides various services to social service providers with vehicles in order to maximize the total pool of specialized transportation vehicles available. Services offered include maintenance, help with insurance needs and driver training. Paratransit will contract with for profit providers on an as needed basis through an RFP process.

In California's 1995 fiscal year (July 1, 1994 through June 30, 1995) Paratransit had a budget of $8.1 million, funded from a variety of sources. The largest portions were from Regional Transit ADA funding, ISTEA Capital Funding and the state's Transportation Development Act.

Paratransit, Inc. Funding for 1994-95		
Regional Transit ADA Funding	$2,380,862	29.3%
ISTEA Capital Funding	$1,454,999	17.9%
Transportation Development Act (CA)	$1,177,599	14.5%
Measure A (CA)	$956,900	11.8%
City of Sacramento	$595,000	7.3%
FTA Capital Funding	$467,040	5.7%
ADA Bus Fares	$363,903	4.5%
Agency Bus Fares	$265,000	3.3%
Outside Maintenance	$180,000	2.2%
Transportation Development Act (deferred)	$107,592	1.3%
Mobility Training	$104,000	1.3%
County of Sacramento	$66,600	0.8%
Other Income	$20,000	0.2%
Total	**$8,139,496**	**100.0%**

With the passage of the ADA, Sacramento Regional Transit became responsible for providing complementary paratransit service and has established a collaborative arrangement with Paratransit.

Paratransit operates a Sacramento/Yolo bus service which provides 14,000 trips monthly over a 400 square mile service area. Most of these trips, 75%, are subscription services for regularly scheduled rides. The remaining trips are intermittent services for shopping, medical appointments and other social and recreational activities. Developmental education purposes account for 68% of subscription service rides.

Paratransit owns 89 modified small buses with between 16 and 19 seats. All have wheelchair lifts. Paratransit also schedules and performs maintenance for vehicles owned and operated by human service agencies. Paratransit also provides extensive mobility training for elderly and disabled residents to use Regional Transit bus and light rail services.

Contact

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Lee County, North Carolina

Lee County is a small rural county in North Carolina about 35 miles southwest of Raleigh. In 1991, the County had seven individual human services programs providing transportation with public funds without any coordination or any other public transportation available. The County requested technical assistance from the Community Transportation Association of America (CTAA) to coordinate their transportation system.

Coordination began in 1992 with COLTS, the County of Lee Transportation System. Since then, eleven additional agencies have contracted for transportation. Today the agencies only provide incidental transportation and virtually all transit services are coordinated by COLTS. The system receives Section 18 support, Federal Transit Grants for Non-Urban Areas, for administrative costs. All other costs are covered by contract revenues. All dispatch and maintenance functions are centralized and the County owns all vehicles.

The County operates six fixed routes in the morning and afternoons for clients of human service agencies. The routes are mainly for day programs for seniors, developmentally disabled and users of mental health services. The County also runs a demand response service for medical appointments for Medicaid recipients.

Currently, the County operates 16 vehicles, most of which are vans. Five are wheelchair capable. The County has been able to reduce costs over time by filling the vans to 45% capacity overall and 80% on the six fixed routes.

Prior to coordination, the agencies operated their own transportation with their own staff. Most of these staff were not drivers but other professionals assigned to drive clients as needed. This resulted in the agencies paying unnecessarily high rates for driving services. Also, without centralized maintenance, it was common for agencies to lose vehicle days to routine repairs and fail to deliver services. Since operating costs have been shared among all agencies, the average cost for transporting passengers has declined from $6.22 to $4.32 in 1995. Ridership has increased by 25% since 1992, in part due to general public use of some fixed routes.

Before and After Specialized Transportation Coordination in Lee County		
	Before (1990-1991)	After (1993-1994)
Number of Peak Vehicles	12	16
Vehicle Miles of Operation	187,131	192,813
Number of Participating Agencies	7	18
Number of Passengers	34,010	42,512
Cost per Passenger	$6.22	$4.75
Cost per Mile	$1.30	$1.05
Total Cost to Agencies	$211,450	$202,100

Transportation Cost by Agency		
	Pre Coordination	Post Coordination
Department of Social Services	$39,141	$38,664
Center for Independent Living	$14,787	$17,254
Lee-Harnett Mental Health	$17,525	$8,274
Department for the Aging	$93,720	$62,000
Jobs Program	$15,000	$21,470
Lee County Industries	$31,233	$37,090
Lee County Youth Services	$5,580	$335
Agencies since coordination		$25,252
Total Agency Cost	**$216,986**	**$202,100**

Contact

Robert Brown, Lee County Director of Transportation, (919) 776-0501.

Denver Mobility, Inc.

Denver Mobility, Inc. (DMI) grew from a one van operation with a shoestring budget in 1979 to become the largest not for profit transportation provider in Colorado with a fleet of 80 vehicles and a budget of $3.5 million in 1996. The majority of DMI's business comes from transportation for medical appointments, although DMI is an entrepreneurial organization and pursues other types of contracts.

DMI is Colorado's largest Medicaid transportation provider. Of their total revenue, $1 million is from Medicaid, $500,000 from the Veteran's Administration, $300,000 from Denver Public Schools and the rest from contracts with hospitals, nursing homes, insurance companies and private pay riders. DMI's contract with Denver public schools is for backup services, certain out of the way routes and special needs children.

Ridership dropped in 1995 from 1400 riders per day to about 700 as the company dropped some large contracts that proved not to be cost effective. The largest of these was an hourly contract with Denver Options to provide transportation for the developmentally disabled to sheltered employment and day treatment. Over the life of DMI's contract, Denver Options required additional trips that spread the routes out significantly and increased costs to DMI. Additionally, Denver Options did not make great efforts to coordinate client origins and destinations.

DMI has centralized dispatch and maintenance and generally seeks contracts with a flat rate and a mileage charge. Their private pay rate is $15 per trip plus $1.25 per mile. The Medicaid ambulatory rate is $9.68 with no mileage and the Medicaid wheelchair rate is $12.06 pus $.49 per mile.

Most DMI trips are demand response and scheduled one day in advance. DMI has not been satisfied with any of the routing software they have used and schedule most trips manually. The company attempts to maximize riders per vehicle hour and has improved from 1.5 riders per vehicle hour in 1994 to 1.8 this year.

Contact

Mark Lyman, Associate Director, (303) 629-5048.

WHEELS, Inc.

Operating in Philadelphia, WHEELS, Inc. provides non-emergency transportation to Medicaid recipients. WHEELS was selected in 1983 by the Pennsylvania Department of Public Welfare (DPW) from a competitive procurement. WHEELS is recognized as one of the best examples of a brokerage model for specialized transportation coordination.

When WHEELS began managing Medicaid transportation in Philadelphia, transportation costs were increasing rapidly and DPW was unable to control costs. DPW had no data on trips and could not even identify its transportation suppliers. In Philadelphia in 1983, there were more than 400,000 Medicaid recipients with 73,000 eligible for transportation. Seventeen private carriers provided tens of thousands of Medicaid paratransit trips each year and the DPW budget for Medicaid transportation was approximately $6 million.

When DPW selected WHEELS, it required the company to carry out Department regulations covering client eligibility, trip purpose eligibility, modes of passenger transportation, billing, record keeping, and reporting requirements. As a broker, WHEELS carries out all of the management and transportation responsibilities for Philadelphia's Medicaid population except for the on street delivery of the service. This is provided by the carriers who contract with WHEELS.

WHEELS has two divisions, one for contracts and one is a volunteer division that provides transportation for those in need and unable to secure it elsewhere. Contractors are selected through competitive procurement. Carriers winning awards are the only carriers authorized to transport Medicaid recipients. WHEELS assigns bidders to zones it defines based on demand. WHEELS exercises strict control over the carrier's Medicaid transportation activities. Carriers agree to

- perform on days and during hours stated in the contract throughout their assigned services area;
- provide specific assistance to passengers, including carrying bags and assisting with boarding and leaving vehicles;
- verify drivers' licenses and safety records;
- require specific training courses for drivers;
- use and maintain vehicles which meet standards and pass inspection by the state and by WHEELS;
- operate in accordance with daily schedules prepared by WHEELS;
- report service results using forms supplied by WHEELS;
- maintain insurance at specified levels; and

- submit invoices to and accept reimbursement from WHEELS in accordance with the rates established in the carrier's award.

One of the ways WHEELS controls costs is through employing a set of rates for different modes of transportation. The modal rates allow for some runs to be reimbursed at lower rates than others for the same vehicle on the same day. The carrier must also provide a vehicle appropriate for the assigned mode. This prevents WHEELS from reimbursing at higher rates when carriers use costlier vehicles, such as wheelchair capable passenger vans when a sedan would suffice. WHEELS 1995 median carrier rates per hour are listed below.

Mode	Median Carrier Rate per Hour
Ambulatory non-group	$25.65
Ambulatory group	$26.45
Non-ambulatory	$32.10
Non-ambulatory with attendant	$39.43
Ambulatory group with attendant	$33.93
Ambulatory large group with attendant	$41.35

WHEELS also reimburses ambulatory Medicaid recipients who are able to access fixed route transportation.

Currently, WHEELS has a five year contract with DPW for Medicaid transportation which expires in 1998. WHEELS provides more than 2 million client trips per year, including more than one million by paratransit. WHEELS has achieved the lowest per trip cost among Medicaid transportation programs in Pennsylvania, where statewide costs per trip are among the lowest in the nation. The overall cost per trip is about $6.00, for paratransit trips the cost is roughly $11.00 per trip and for fixed route reimbursed trips the cost is $1.60.

WHEELS has designed and implemented advanced automation to support its operations and manage information. WHEELS uses computer assisted scheduling for roughly 5,500 of its 6,000 trips per day and schedules the rest manually.

Contact

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Red Rose Access

Red Rose Access is a shared ride service administered by the Red Rose Transit Authority (RRTA) for residents of Lancaster County, Pennsylvania. The service provides door-to-door transportation to persons who are unable to access the authority's regular bus services or have no bus service available. Service is provided by private companies under contract with RRTA.

Red Rose Access began as the Lancaster Integrated Specialized Transportation System (LISTS), a not for profit broker of shared ride demand response door-to-door transportation. Lancaster County is especially challenged because transportation between Lancaster City and surrounding urbanized areas, where most hospitals and medical facilities are, and the rural areas, where over 40% of residents live, is hindered by long distances and low demand density.

As a result of a planning study, LISTS was incorporated to broker transportation services for Lancaster County. Subsequently LISTS became Red Rose Access when the county placed fixed route and specialized transportation under one authority. Red Rose Access has three contractors assigned to geographic zones. They are reimbursed on a cost per trip basis. Contracts run for five years with rates fixed for the first three years and negotiated for the last two. Contractors are responsible for driver training and safety, vehicle maintenance, management and routing. Red Rose Access serves about 40 agencies and transports senior citizens, disabled persons, mental health clients and Medicaid recipients. The average cost per trip for 1995 was $7.52, an increase of 20% over 1994, driven in part by implementing new requirements for drug testing.

Funding for Red Rose Access comes from the state lottery, the Department of Public Welfare and the Office of Aging. Senior citizens age 65 years or older are eligible for service if they live more than ¼ mile from an existing bus route or if they have a disability which prevents them from using regular RRTA bus service. Eligible passengers pay 15% of the full fare. Medicaid recipients are eligible for transportation to medical appointments from Red Rose Access if they live more than ¼ mile from a bus route or are disabled. Non-eligible Medicaid recipients are issued tickets for the bus system. The Lancaster County Office of Aging also funds transportation for eligible persons age 60 years and older to area senior centers and medical appointments. Red Rose Access also provides shared ride transportation to the disabled population in accordance with ADA.

Required fares vary by origin and destination. Fares also vary for seniors and ADA trips.

Red Rose Access Fares, Effective July 1, 1995

	Full Fare	Senior Fare	ADA fare
Rural Sectors			
To Lancaster City	$9.01	$1.35	$2.40
Local Service	$6.39	$1.00	$1.30
Lancaster City			
Local Service	$5.78	$0.90	$1.30

Contact:

Scott Gibson, Director of Development, (717) 291-1243.

Monmouth County, New Jersey

Monmouth County, New Jersey has 471 square miles of land, which ranges in use from urbanized small cities, to suburban townships and rural farmlands. The County has utilized its supply of taxi and school bus companies to coordinate transportation services and is also a provider through the Special Citizens Area Transportation (SCAT) program. SCAT was formed to provide trips for seniors, the disabled and the rural general public. Most trips were for food, other shopping, and medical appointments. In 1985 the Monmouth County Office of Transportation (MCOT) was created to operate, manage and coordinate public and private country transportation.

Today, SCAT is the second largest paratransit provider in the state. More than half of the trips are provided by SCAT itself, the rest come through contracts with vendors. SCAT has a $2 million budget and allocates $773,000 for services from contractors. SCAT now brokers services in a five county area and provides 435,000 trips each year. Most of the trips, 66%, are for seniors, the rest are for disabled persons. SCAT also provides the Broken Employment Service (BETS) for new and first time disabled people to job sites. Monmouth County Department of Human Services handles most Medicaid transportation.

SCAT contracts with vendors for the Shared Ride Taxi program. The county selects the lowest bidder for defined regional service areas. To be awarded contracts, companies must

- provide a minimum of three radio-equipped vehicles and have drivers available;
- provide sufficient insurance;
- provide their own scheduling;
- collect fares as set by the county; and
- ensure drivers assist passengers when needed.

SCAT sells its services aggressively and has arranged for scheduled shopping trips from grocery stores and shopping malls. SCAT also transports kidney dialysis patients and people to hospitals for scheduled radiation and physical therapies. The hospitals support part of the cost of transportation for kidney dialysis patients.

Contact

Henry Nicholson, Director, (908) 431-6480.

Florida Commission for the Transportation Disadvantaged

The Commission for the Transportation Disadvantaged is an independent agency within Florida's Department of Transportation. Its purpose is to accomplish the coordination of transportation services for those defined as transportation disadvantaged throughout the state of Florida. Florida defines the transportation disadvantaged as those individuals who are unable to transport themselves or are unable to purchase transportation because of physical or mental disability, income status, or age. Reporting to the Commission are a set of local Community Transportation Coordinators, CTCs, which contract with service providers in their areas.

The Commission has specific responsibilities to carry out its overall mission, including

- Developing policies and procedures to ensure the coordination of state, federal and local government funds;
- Identifying and eliminating barriers to accessibility;
- Developing and monitoring performance standards;
- Approving and contracting with Community Transportation Coordinators in each service area to be responsible for the coordination and arrangement of transportation services in the most cost effective manner;
- Approving and monitoring contracts for service delivery; and
- Approving rates for provision of services.

The Commission is also responsible for the administration of the Transportation Disadvantaged Trust Fund, which was created in 1989 and generates approximately $22 million annually and other funds. These funds are generated from four sources:

- $1.50 from the vehicle registration fee for vehicles under 5,000 pounds;
- $5.00 from each disabled temporary parking placard;
- 15% of transferred public transit block grant funds from the Department of Transportation; and
- a voluntary dollar contribution citizens can make when purchasing a license tag.

Florida has 53 local coordinators serving the transportation disadvantaged in its 67 counties. The Commission collects, compares and reports performance measures on an annual basis for each transportation provider. The tables below show median performance measures for urban and rural carriers and are further broken down by organization type.

1994 Performance Measures for Urban Carriers

Medians	Private non-profit	Private for profit	Government - not fixed route	Public Transit - fixed route
Service Availability				
Vehicle Miles per TD Capita	14.75	20.51	7.77	18.18
Revenue Miles per TD Capita	11.21	16.83	13.05	15.47
Service Effectiveness				
Passenger Trips per Vehicle Mile - Paratransit	0.17	0.15	0.24	0.18
Passenger Trips per Revenue Mile - Paratransit	0.20	0.20	0.26	0.20
Passenger Trips per Driver Hour - Paratransit	2.05	2.42	2.03	2.79
Cost Efficiency				
Operating Expense per Vehicle Mile	$1.33	$1.38	$1.57	$1.50
Operating Expense per Revenue Mile	$1.41	$1.75	$1.79	$1.66
Operating Expense per Passenger Trip - Total	$9.34	$10.20	$7.59	$6.74
Operating Expense per Passenger Trip - Paratransit	$9.34	$10.81	$7.59	$8.87
Operating Expense per Driver Hour - Paratransit	$16.49	$22.67	$16.33	$15.51
System Safety				
Accidents per 100,000 vehicle miles	1.04	1.41	1.60	1.35
Service Quality				
Vehicle Miles between Road calls	41,292	45,654	30,231	21,983
Local Financial Support				
Local Revenue percent of Operating Expenses	24.2%	7.0%	27.9%	34.9%

1994 Performance Measures for Rural Carriers

Medians	Private non-profit	Private for profit	Government - not fixed route	Public Transit - fixed route
Service Availability				
Vehicle Miles per TD Capita	42.83	14.22	9.42	n/a
Revenue Miles per TD Capita	36.07	11.67	7.37	n/a
Service Effectiveness				
Passenger Trips per Vehicle Mile - Paratransit	0.10	0.13	0.14	n/a
Passenger Trips per Revenue Mile - Paratransit	0.13	0.16	0.22	n/a
Passenger Trips per Driver Hour - Paratransit	1.61	2.00	1.98	n/a
Cost Efficiency				
Operating Expense per Vehicle Mile	$1.00	$1.40	$0.97	n/a
Operating Expense per Revenue Mile	$1.25	$1.71	$2.24	n/a
Operating Expense per Passenger Trip - Total	$9.20	$10.84	$11.38	n/a
Operating Expense per Passenger Trip - Paratransit	$9.20	$10.84	$11.38	n/a
Operating Expense per Driver Hour - Paratransit	$17.27	$21.71	$20.10	n/a
System Safety				
Accidents per 100,000 vehicle miles	0.55	0.42	0.22	n/a
Service Quality				
Vehicle Miles between Road calls	76,451	27,712	70,222	n/a
Local Financial Support				
Local Revenue percent of Operating Expenses	3.8%	1.6%	13.7%	n/a

The Commission has been collecting data that is comparable across years and across carriers since 1985. The data collection activities of the Commission alone give it better means to gauge the costs of specialized transportation than most, if not all, other states.

Contact

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Nassau County Pre-School Handicapped Transportation

CGR recognized Nassau County's contracts with Hudson General Corporation as a broker and Acme Bus as a provider as a best practice in pre-school handicapped transportation in an earlier section of this report. To reiterate the features that make Nassau's program a best practice:

- Acme bus service is purchased in time blocks of set length, usually three or four hours. and Hudson General is responsible for scheduling and route design. For example, Hudson General could add a new client to an existing route serviced by a four hour bus which runs for three hours and forty minutes. As long as the additional client does not make the run longer than four hours, there is no additional cost to the county.

- The contract makes the provider liable for numerous performance measures and specifies the employment of three full time inspectors. Hudson General inspectors travel in unmarked vehicles who follow buses on routes to schools, writing up violations, performing on site inspections and meeting with parents, and provide a degree of oversight any county would find difficult to match.

- The contract contains a laundry list of penalties for which the provider can be held liable. These include deductions of the cost per day for penalized buses or fractions thereof for everything from failure to conform to schedules to failure to keep vehicles clean.

Contact

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