

Impact of Recent Changes to the Medical Assistance Transportation Program

On June 22, 2018, the state legislature adopted language into the Human Services Fiscal Code (HB 1677) directing the Department of Human Services (DHS) to provide the Medical Assistance Transportation Program (MATP) through a statewide or regional full-risk brokerage system. The Governor approved the measure the same day.

Concerns: The incentive for originally implementing a full-risk brokerage was an understanding of an additional federal draw down for DHS of up to \$15 million. However, additional analysis now shows the ultimate cost to the Commonwealth will be significantly higher, resulting in zero savings realized, and significant additional financial burden placed on PA taxpayers through other funding mechanisms that are already oversubscribed. Moreover, adding another layer to the delivery of MATP will likely increase costs as well.

Across the state, MATP exceeds 30% of the shared ride/paratransit programs. **Removing the MATP from the Commonwealth's coordinated system will result in the need to increase revenue from the remaining funding sources, including the MATP program, by INCREASING THE COST TO THE COMMONWEALTH BY 23% OR \$31.5 MILLION*.** Under the worst-case scenario where local transit providers would lose all MATP trips, the Commonwealth would experience a \$63.8 million increase.

Pennsylvania's coordinated system is a national model of efficiency. Brokering MATP service will result in many MATP trips being removed from that coordinated system. To address this change, the transit providers will need to:

- **Reduce the geographic service area and hours of service, meaning Seniors and Persons with Disabilities will see a reduction in available service.**
- **Increase Costs – Reduction in coordination will result in a significant loss in service productivity. This will result in increased state and local program funding and customer co-pays. Across the Commonwealth, the most fragile populations will face paying more for less service as a result of this fragmentation to the coordinated system.**

Brokerage has occurred in other states; however, no known example demonstrates success nor maintains local control of services. A recent Transportation Research Board report notes our state's shared ride model has the third-lowest MATP cost nationally; brokerage will impact this significantly.

Background: In Pennsylvania, DHS primarily contracts with counties who are responsible for managing MATP and delivering service to eligible persons either directly or through subcontractors. Most counties use Pennsylvania's public shared-ride transportation systems to manage and deliver this service.

Shared ride in PA is a fully coordinated transportation system which provides cost-effective and efficient service delivery, with a one-stop shop for all human service transportation. A change to a private broker, whether statewide or regionally, will dramatically alter all human service transportation, including MATP. The loss of coordinated efficiency, reduced levels of service, lack of local input and control, and increased cost to PA consumers are all significant concerns.

Ask: PPTA respectfully requests the Administration and the General Assembly to take steps to suspend the award of the RFA and consider taking action to study this issue further.

**Analysis Assumptions:*

- States where brokering occurred, coordinated transit system realized a 40% reduction in coordinated trips. (Source: TRB)
- Systems will lose the management of mileage reimbursement and other pass-through revenue trips on MATP as the broker will manage those directly
- Systems will lose the administrative revenue that comes from management of mileage reimbursement and other types of pass-through trips.
- Systems will on average will reduce system costs by 5% by finding efficiencies in service and reducing administrative costs.
- Communities will want transit systems to maintain the same level of service as they provide today, with wait times on-vehicle times and hours of service relatively unchanged.