



**Medicaid Medical  
Transportation  
Program  
Average Cost per Trip**

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**As Required by  
Senate Bill 1, 85<sup>th</sup> Legislature,  
Regular Session, 2017 (Article  
II, HHSC, Rider 47b)**

**Health and Human Services  
Commission**

**December 2018**



**TEXAS**  
Health and Human  
Services

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# 1. Introduction

The General Appropriations Act, Senate Bill 1, 85<sup>th</sup> Legislature, Regular Session, 2017 [Article II, Health and Human Services Commission (HHSC), Rider 47b] requires HHSC to submit a report of the average cost per trip provided through the Medical Transportation Program (MTP) for each fiscal year of the biennium. The report is due not later than 120 days after the end of each fiscal year.

This report details the methodology for establishing the preliminary cost per trip for state fiscal year 2017. While the numbers are not final for state fiscal year 2017, the preliminary calculation is \$47.89. State fiscal year 2018 costs are not yet available, and will be provided in the next report.

The report also calculates the cost per trip for state fiscal year 2011 through state fiscal year 2016. It is important to note when comparing historical costs, the program design has undergone significant changes. In state fiscal year 2015, medical transportation services completed a statewide transition from a fee-for-service model to the use of medical transportation organizations (MTOs) with a per member per month (PMPM) capitated pricing model. While there are limitations in comparing costs due to the program restructuring, the report presents program costs and cost per trip for MTP for state fiscal year 2011 through state fiscal year 2017<sup>1</sup> with a consistent methodology which allows for comparisons despite significant program changes over time.

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<sup>1</sup> 2017 costs are preliminary and not adjusted for audit findings and changes to the experience rebate calculation.

## 2. Medical Transportation Program Costs

To provide insight into the efficiency of the program, HHSC has identified five key measures. These five measures are:

1. Total net program cost;
2. Total member-months;
3. Cost per member per month;
4. Total number of trips; and
5. Average number of trips per member.

Using a consistent methodology, HHSC calculated member cost for state fiscal year 2011 through state fiscal year 2017<sup>2</sup> and provides a comparison below.

The total net program cost is composed of all payments made towards the operation and administration of MTP, including HHSC's staffing costs less any experience rebate received.<sup>3</sup> This reflects the true cost of the program. From state fiscal year 2011 to state fiscal year 2017, the total net program costs have decreased by \$59.7 million dollars which represents a 25 percent decrease.

Total member-months is calculated by adding the total number of members enrolled for each month of the year. Between state fiscal year 2011 through state fiscal year 2017, the total member-months increased by 14 percent. As a result, the total payments made to the MTOs increased since they are paid under the PMPM capitated pricing model. While enrollment was increasing, the capitation payment decreased by 35 percent.

The cost per member per month is determined by the total net program cost divided by the total member-months on an annual basis. With a decrease in total net program cost and increase in total-members, the cost per member has gone down.

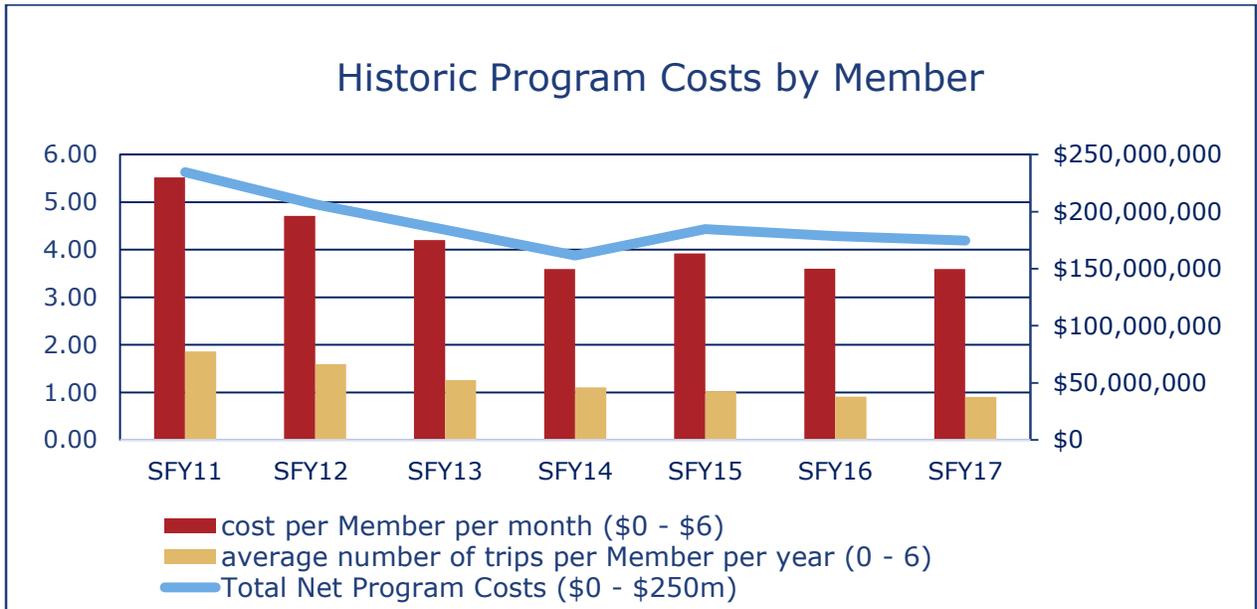
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<sup>2</sup> 2017 costs are preliminary and not adjusted for audit findings and changes to the experience rebate calculation.

<sup>3</sup> "Experience rebates" are a portion of an MTO's net income before taxes that is returned to the State in accordance with statute and the contract terms.

Between state fiscal year 2011 and 2017 the total number of trips decreased by 45 percent and the average number of trips per member decreased by 52 percent.

**Chart 1: 2011 to 2017 Program Cost by Member**



### 3. Average cost per trip

The cost per trip for state fiscal year 2017 is \$47.89 as calculated following a methodology established by HHSC. This is a preliminary number since the average cost per trip will decrease when adjusted with the result from the state fiscal year 2017 audit of the MTOs reported expenses. As part of the established contract oversight process, the FSR reports are audited annually by an independent audit firm contracted by HHSC. This auditor reviews each FSR for correct and appropriate reported expenses. Until these audits are complete HHSC does not have final annual expenses. Preliminary audit reports indicate that there were some unallowable expenditures reported. Removing unallowable costs will reduce the total expenses reported by the MTO. The experience rebate, the profit sharing contract requirements, will be adjusted with the audit findings. This will further decrease the average cost per trip.

Historically, multiple methodologies have been utilized to calculate the cost per trip. This has created difficulty in comparing the realized cost between state fiscal years. To address this, HHSC calculated the cost per trip using a common methodology for state fiscal years 2011 through 2017.

The total net program cost is the numerator for the calculation of average cost per member.

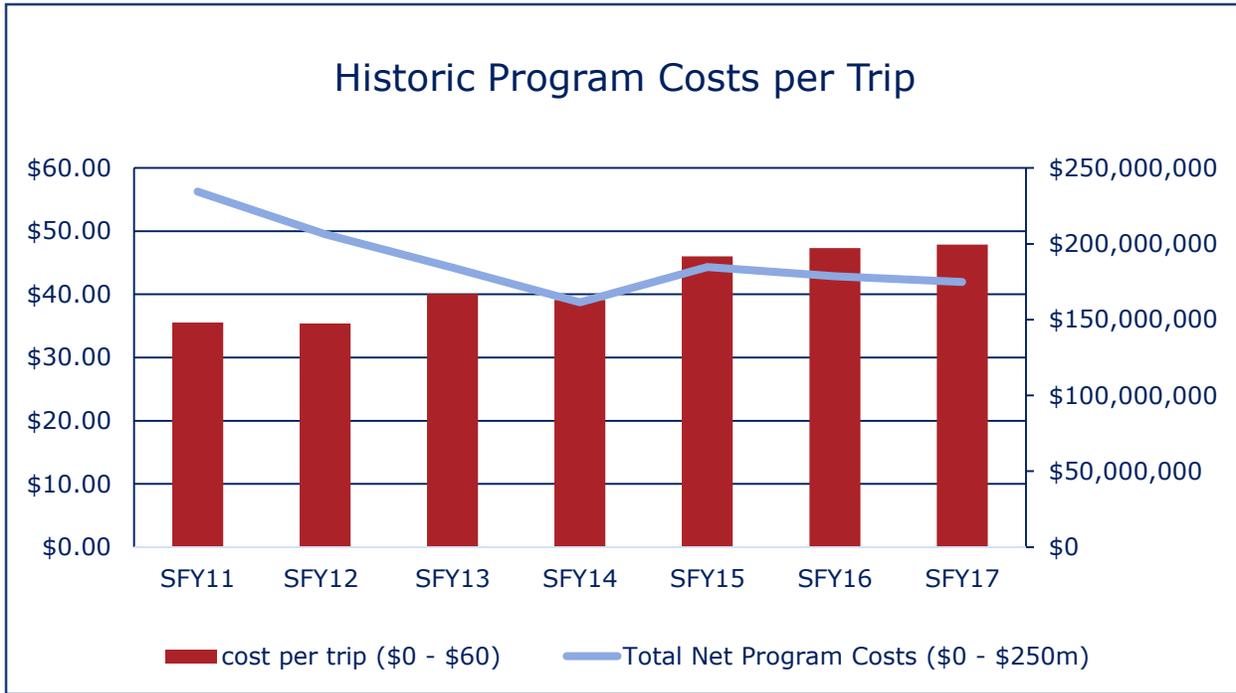
The trip count is the denominator. Trip count is based on authorizations for each trip type. One authorization is representative of a single leg of a round trip. All trip types are included (demand response, individual transportation participant, mass transit, paratransit, airfare, intercity bus). Meals and lodging are ancillary benefits to a trip and not considered a trip, and therefore are not included in the trip count. The number of individuals being transported (such as attendants traveling with clients) does not impact the trip count.

Total Net Program Cost = capitated payments + payment adjustments + HHSC administrative expense - received experience rebates.

Total Trips = demand response, individual transportation participant, mass transit, paratransit, airfare, intercity bus trips per authorization.

Total Net Program Cost / Total Trips = cost per trip.

**Chart 2: 2011 to 2017 Cost per Trip**



## **List of Acronyms**

<b>Acronym</b>	<b>Full Name</b>
FSR	Financial status report
HHSC	Health and Human Services Commission
MTO	Medical transportation organization
MTP	Medical Transportation Program
PMPM	per member per month