



Medicaid Medical Transportation Program Average Cost per Trip

As Required by

2020-21 General Appropriations
Act, House Bill 1, 86th Legislature,

Regular Session, 2019

(Article II, HHSC, Rider 12b)

Texas Health and Human Services

February 2021



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Health and Human
Services

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1. Introduction

The 2020-21 General Appropriations Act, House Bill 1, 86th Legislature, Regular Session, 2019 (Article II, Health and Human Services Commission [HHSC], Rider 12b) 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 180 days after the end of each fiscal year.

This report details the methodology for establishing the pre-audit cost per trip¹ for fiscal years 2019 and 2020. Each year's final financial reports submitted by program contractors undergo an audit conducted by an independent audit firm contracted by HHSC to review for correct and appropriate expenses. These audits generally conclude with findings that impact each contractor's net income before taxes. Dependent upon the amount of the contractor's net income before taxes, the contractor may be required to pay a portion of that income back to the state in what is referred to as an Experience Rebate, which impacts the average cost per trip. While the cost per trip numbers are not final for fiscal years 2019 and 2020, the preliminary calculation is \$43.68 and \$50.57, respectively. As an update to the prior year's Rider 12b submission, fiscal year 2018 costs were previously reported as \$46.84. The final average cost per trip for fiscal year 2018 is \$46.68 which reflects post audit finding adjustments. Year to year fluctuations in the price per trip are expected and are driven by numerous variables many of which occur at the service level. Though there is a \$3.00 cost per trip reduction between fiscal years 2018 and 2019, in 2020 there is a cost per trip increase of \$3.89 from 2018. A major and notable variable in 2020 is COVID-19's impact on the program which yielded a 16 percent decrease in total trips for the year when compared to the trip count in 2019. Though the total program cost decreased from 2019, the decrease in trips had a more significant impact which resulted in a higher cost per trip in 2020.

The report also calculates the cost per trip for fiscal years 2011 through 2017. When comparing historical costs, it is important to note that the program design underwent significant changes. For example, in 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 fiscal years 2011 through 2020 using a consistent methodology which allows for comparisons despite significant program changes over time.

¹ 2019 and 2020 costs are preliminary and not adjusted for audit findings and changes to the experience rebate calculation. Each year's reported expenses undergo an audit.

2. Medical Transportation Program Costs

To provide insight into the efficiency of the program, HHSC 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 fiscal years 2011 through 2020² and provided a comparison below in Chart 1.

The total net program cost is composed of all payments made toward the operation and administration of MTP, including HHSC's staffing costs less any experience rebate received.³ This reflects the true cost of the program. From fiscal years 2011 to 2020, the total net program costs have decreased by \$74.6 million, which represents a 32 percent decrease.

Total member-months is calculated by adding the total number of members enrolled for each month of the year. Between fiscal years 2011 and 2015, the total member-months increased by 14 percent. Finalized figures from fiscal year 2015, the first year of the statewide MTO PMPM capitated pricing model, reflect a total program cost decrease of \$49.7 million (21 percent) from fiscal year 2011. Between fiscal years 2015 and 2020, total member-months decreased 1.7 percent and the program realized a \$29.2 million (15.8 percent) decrease in total program costs. From fiscal years 2011 to 2020, there was a 12 percent increase in member-months and a 32 percent decrease in total program costs.

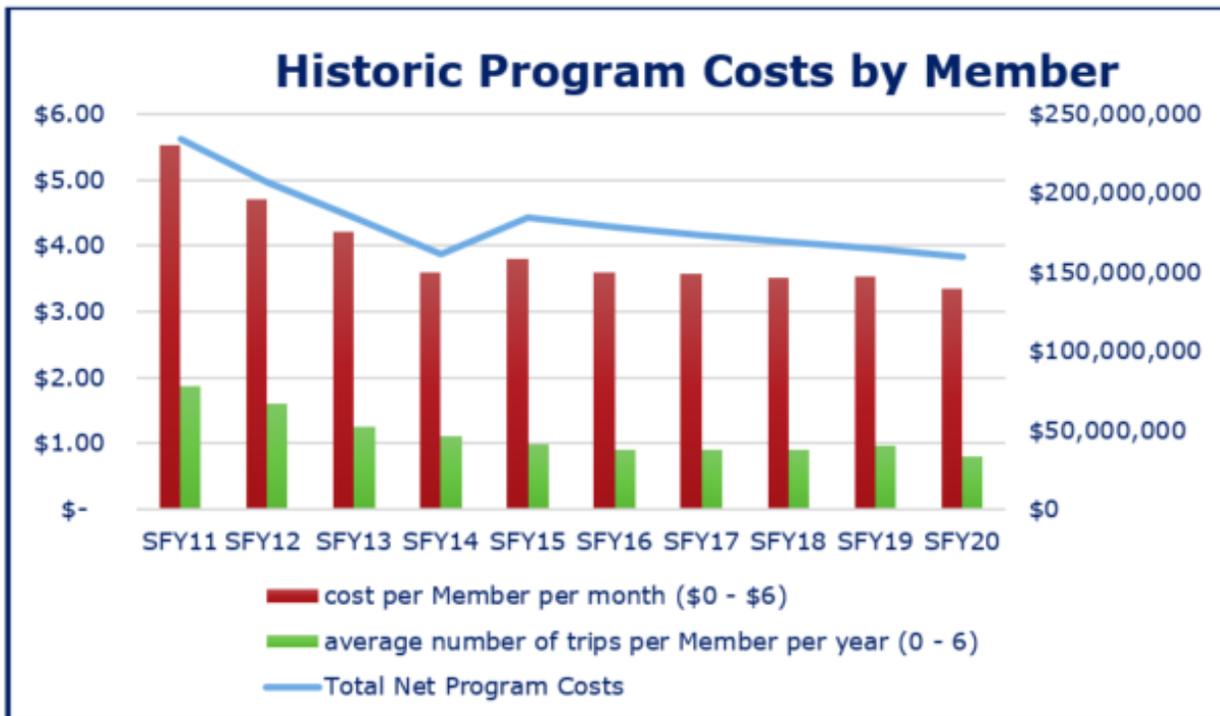
The cost per member per month is determined by the total net program cost divided by the total member-months on an annual basis. With a decrease in total net program cost and increase in total-members, the cost per member has gone down.

Between fiscal years 2011 and 2020, the total number of trips decreased by 52 percent and the average number of trips per member decreased by 57 percent.

² Fiscal years 2019 and 2020 costs are preliminary and not adjusted for audit findings and changes to the experience rebate calculation.

³ "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.

Chart 1: 2011 to 2020 Program Cost by Member



3. Average cost per trip

The pre-audit cost per trip for fiscal years 2019 and 2020 is \$43.68 and \$50.57 respectively, as calculated following a methodology established by HHSC. This is a preliminary number since the average cost per trip will likely decrease when adjusted with the result from the fiscal years 2019 and 2020 audits of the MTOs' reported expenses, which MTOs report through the financial statistical reports (FSRs) submitted to HHSC. The FSRs are audited annually by an independent audit firm contracted by HHSC as part of the established contract oversight process. This audit reviews each FSR for correct and appropriate reported expenses. Findings from the audit may have a direct impact on the total allowable expenses reported by the MTO. Upon completion of the annual audits, the experience rebate will be recalculated, which will likely alter the average cost per trip.

The impact of the COVID-19 pandemic on 2020 resulted in a 16 percent decrease in total trips for the year when compared to the trip count in 2019. Though the total program cost decreased from 2019, the decrease in trips had a more significant impact which resulted in a higher cost per trip in 2020.

Historically, multiple methodologies have been used to calculate the cost per trip. This 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 fiscal years 2011 through 2020 which is reflected in Chart 2.

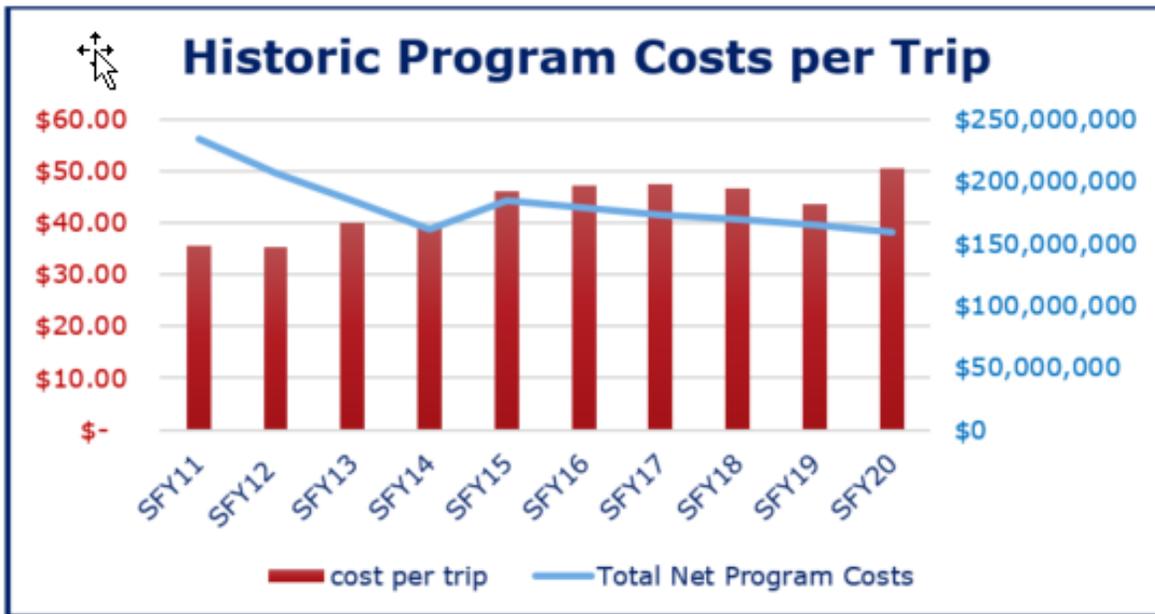
The total net program cost is the numerator for the calculation of average cost per member. The trip count is the denominator. Trip count is based on authorizations for each trip type. One authorization is representative of a single leg of a round trip. All trip types - demand response, individual transportation participant, mass transit, paratransit, airfare, and intercity bus -- are included. Meals and lodging are ancillary benefits to a trip and not considered a trip. Therefore, these services 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 2020 Cost per Trip



List of Acronyms

Acronym	Full Name
FSR	Financial Statistical Report
HHSC	Health and Human Services Commission
MTO	Medical Transportation Organization
MTP	Medical Transportation Program
PMPM	per member per month