



John Keel, CPA  
State Auditor

A Status Report on

# The Department of Transportation's Medical Transportation Program

August 7, 2006

Members of the Legislative Audit Committee:

The Department of Transportation (Department) is conducting a major reorganization of its Medical Transportation Program. Part of that reorganization includes making significant changes to the service delivery structure for contracting transportation services. The Department began implementing the reorganization in April 2006 and completed that task on June 30, 2006. For this reason, we suspended our planned audit of the Medical Transportation Program on June 19, 2006, and will propose an audit of the program in the State Auditor's Office Fiscal Year 2007 Audit Plan. The following is a status report on important changes the Department is making to the Medical Transportation Program.

The Department is responsible for the provision of transportation services to eligible clients of the Texas Medicaid, Children with Special Health Care Needs, and Transportation for Indigent Cancer Patients programs. Through the Medical Transportation Program, the Department makes transportation services available to Medicaid clients and other eligible individuals who have no other means of transportation (see text box for additional details).

## The Department Is Consolidating Medical Transportation Program Functions

As of June 30, 2006, the Department reduced the number of transportation service centers it operates from nine to three (see Part 1 of the attachment to this letter for additional details). One hundred and seventy-one positions were transferred from the Health and Human Services Commission to the Department when the Medical Transportation Program was originally transferred to the Department. None of these positions was eliminated when the Department reduced the number of transportation service centers. Instead, the Department gave staff the opportunity to relocate to the three consolidated centers in San Antonio, McAllen, and Dallas, or apply for the nine new contract specialist positions located throughout the state.

### Background Information

The Medical Transportation Program serves clients in three programs, the largest of which is the Medicaid program. The other two programs are the Transportation for Indigent Cancer Patients program and the Children with Special Health Care Needs program.

House Bill 3588 (78th Legislature, Regular Session) provided that the former Department of Health and the Health and Human Services Commission contract with the Department of Transportation for the Department of Transportation to assume all responsibilities relating to the provision of non-emergency medical transportation services for eligible clients.

House Bill 2292 (78th Legislature, Regular Session) specified that "It is the intent of the legislature that the provision of health and human service transportation through the Texas Department of Transportation will improve the delivery of transportation services to clients and enhance their access to transportation services."

The Medical Transportation Program is responsible for providing non-emergency transportation services to eligible participants in a manner that is:

- Similar in scope and duration for all eligible recipients;
- Consistent with the best interests of recipients;
- Appropriate to available services, geographic location, and limitations of recipients;
- Prompt;
- Cost-effective; and
- Administratively efficient.

The Medical Transportation Program provides additional services to children under the age of 21 in accordance with federal law in association with the Texas Health Steps (THSteps) program (also known as the Early and Periodic Screening, Diagnosis, and Treatment program).

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The primary function of the transportation service centers is to arrange non-emergency transportation. In fiscal year 2005, these service centers received more than 1.4 million calls regarding medical transportation services. In fiscal year 2005, the Department scheduled and provided approximately 3.5 million one-way paid medical transportation trips, and expenditures for transportation related services provided to medical transportation clients totaled approximately \$83.7 million (see Part 2 of the attachment to this letter for additional details regarding client counts, trip counts, program expenditures, and program appropriations).

The Department also has centralized the program's claims processing function, client file management function, and reimbursement. In addition, its service center in San Antonio now handles all calls for program clients under the age of 21. The Department expects to achieve increased efficiencies as a result of the consolidation of these administrative functions.

**The Department has Reduced the Number of Transportation Services Contracts from 52 Contracts with More Than 300 Rates to 15 Contracts with Two Pricing Levels for Each Transportation Service Area**

Using a competitive process, the Department has awarded contracts to 15 Transportation Service Area Providers to provide non-emergency medical transportation services (see Part 3 of the attachment to this letter for additional details). By June 26, 2006, these new contracts replaced the 52 contracts the Department previously had with 48 different contractors.

The 15 Transportation Service Area Providers will arrange for and/or provide non-emergency medical transportation services to more than 146,000 individuals in the 24 service areas in Texas. Providers' access to the Department's automated claims file (The Transportation Electronic Journal for Authorized Services, or "TEJAS") will be limited by the use of user IDs and passwords. (Previously, only authorized Department staff could access the claims file.) TEJAS processes transportation requests for medically approved services and meal and lodging arrangements for clients' out-of-town trips.

The 15 Transportation Service Area Providers also are responsible for making payments to and monitoring all transportation subcontractors for compliance with program requirements. Nine Department contract monitors (six of whom were hired as of June 6, 2006) are responsible for monitoring the Transportation Service Area Providers. These contract monitors have been assigned to specific service areas and will report directly to the Department's headquarters. (Contract monitoring was previously one of the responsibilities of the Department's nine transportation service center supervisors.)

Before the new contracts were awarded, the Department had more than 300 different transportation rates, which varied by the location and type of service required. The new contracts contain two pricing levels for each region: one for in-county trips and another for out-of-county trips. These new rates range from \$14.40 for a local trip in Transportation Service Area 22 (Coastal Bend Area) to \$100.00 for an out-of-county trip in Transportation Service Area 8 (West Texas). (See Part 3 of the attachment to this letter for details on the contract rates.) The Department anticipates that the simplification of the payment rates will reduce errors in claims processing and data entry.

We appreciate the Department's cooperation, and its responses to this status report are in Part 4 of the attachment to this letter. If you have any questions, please contact Kelly Linder, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA  
State Auditor

cc: Members of the Texas Transportation Commission

Mr. Ric F. Williamson, Chair  
Ms. Esperanza "Hope" Andrade  
Mr. Ted Houghton  
Mr. John W. Johnson

Mr. Michael W. Behrens, P.E., Executive Director, Department of Transportation

#### Objective of This Review

The objective of this review was to determine the status of the Department's Medical Transportation Program.

This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit.

The following members of the State Auditor's staff performed the review:

- Lucien Hughes (Project Manager)
- Kathy Aven, CIA
- Mary Goldwater
- Adama Thiam, MBA
- Leslie Ashton, CPA (Quality Control Reviewer)
- Kelly Linder, MSCRP (Audit Manager)



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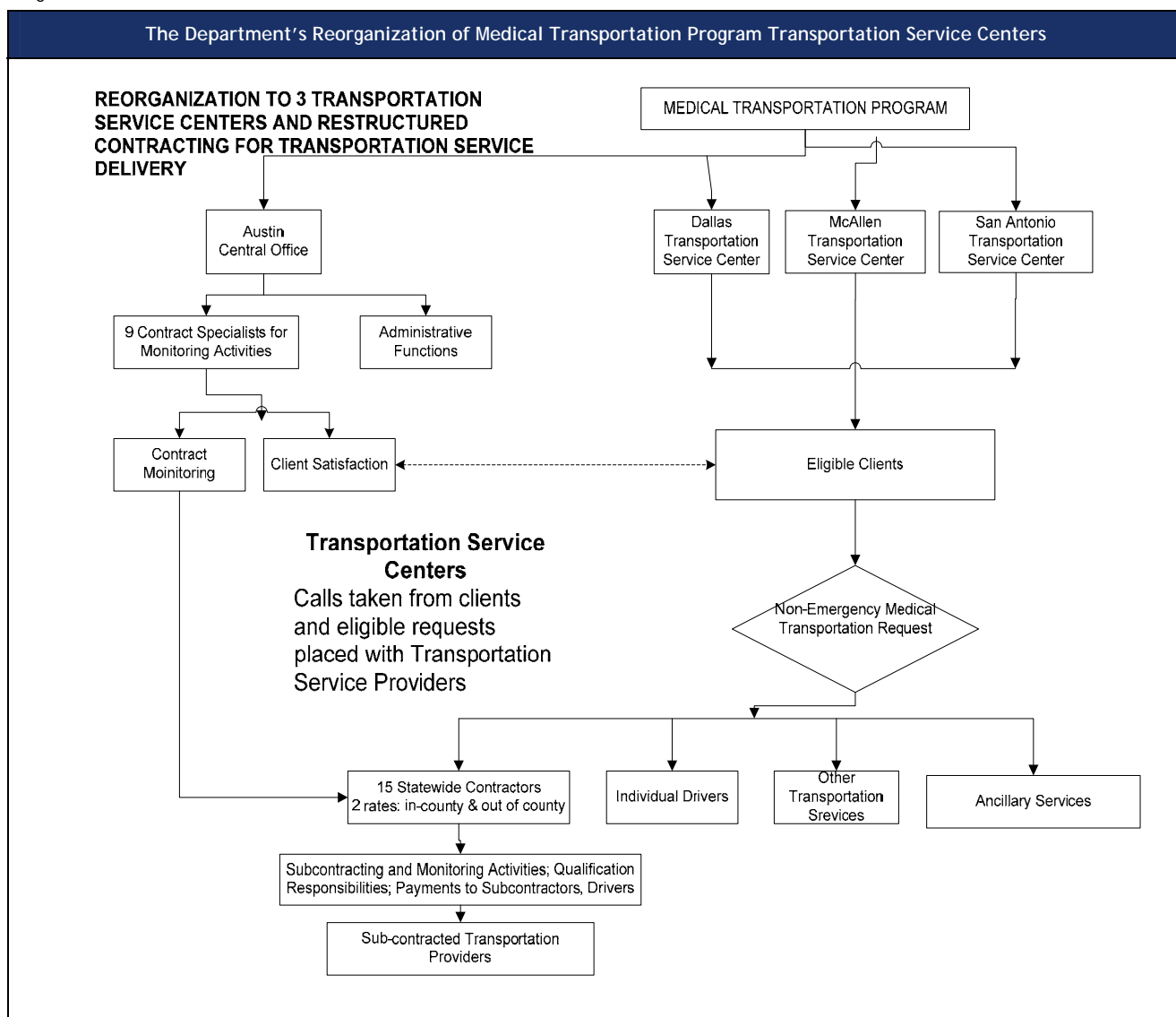
# Attachment

Part 1

## The Department's Reorganization of the Medical Transportation Program

Figure 1 depicts the Department of Transportation's (Department) reorganization of the Medical Transportation Program.

Figure 1



Source: Department of Transportation (this information has not been audited or verified by the State Auditor's Office).

## ***Medical Transportation Program Client Counts, Trip Counts, Program Expenditures, and Program Appropriations***

Table 1 presents information regarding unduplicated client counts for the Medical Transportation Program.

Table 1

<b>Medical Transportation Program Unduplicated Client Counts</b>					
Client Category	Fiscal Years				
	2002 <sup>a</sup>	2003 <sup>a</sup>	2004 <sup>a</sup>	2005	2006 (as of June 6, 2006)
Medicaid	141,169	155,392	147,600	147,812	146,443
Children with Special Health Care Needs program (CSHCN)	683	453	424	461	415
Dual Eligible <sup>b</sup>	113	45	31	30	26
Transportation for Indigent Cancer Patients	287	299	210	222	90
<b>Totals</b>	<b>142,252</b>	<b>156,189</b>	<b>148,265</b>	<b>148,525</b>	<b>146,974</b>
<sup>a</sup> The Department of Transportation did not have responsibility for the Medical Transportation Program prior to March 1, 2004. <sup>b</sup> "Dual eligible" means a CSHCN client who is also eligible for Medicaid.					

Source: Department of Transportation (these figures have not been audited or verified by the State Auditors Office).

Table 2 presents information regarding the number of one-way paid trips provided through the Medical Transportation Program.

Table 2

Medical Transportation Program Activity Inclusive of All Client Services, Including One-Way Paid Trips					
Client Category	Fiscal Years				
	2002 <sup>a</sup>	2003 <sup>a</sup>	2004 <sup>a</sup>	2005	2006 (as of June 6, 2006)
Medicaid	3,563,856	3,824,987	3,800,510	3,552,266	2,693,308
Children with Special Health Care Needs program	33,984	17,102	15,143	17,272	13,952
Transportation for Indigent Cancer Patients	6,776	5,440	4,208	4,376	2,669
<b>Totals<sup>b</sup></b>	<b>3,604,616</b>	<b>3,847,529</b>	<b>3,819,861</b>	<b>3,573,914</b>	<b>2,709,929</b>

<sup>a</sup> The Department of Transportation did not have responsibility for the Medical Transportation Program prior to March 1, 2004.

<sup>b</sup> Total numbers reported include all service categories: demand response transportation, meals, lodging, negotiated rates, air, bus, mass transit, and individual driver registrants. The information in this table is meant to show effort of activity by program.

Source: Department of Transportation (these figures have not been audited or verified by the State Auditors Office).

Table 3 presents information regarding Medical Transportation Program expenditures.

Table 3

Medical Transportation Program Expenditures				
Fiscal Years				
2002 <sup>a</sup>	2003 <sup>a</sup>	2004 <sup>a,b</sup>	2005 <sup>b</sup>	2006 Estimated <sup>b,c</sup>
\$51,532,143	\$56,729,798	\$65,043,627	\$83,106,592	\$106,000,000

<sup>a</sup> The Department of Transportation did not have responsibility for the Medical Transportation Program prior to March 1, 2004. This expenditure information was provided by the Texas Health and Human Services Commission.

<sup>b</sup> Expenditure amounts as reported by the Department of Transportation. Source is the Department's Finance Division and Public Transportation Division.

<sup>c</sup> Rider 26 to the Department of Transportation's appropriations (General Appropriations Act, 79th Legislature, Regular Session) authorized any additional amounts necessary in fiscal years 2006 and 2007 to Medical Transportation from State Highway Fund 006 to provide recipient transportation services as required by federal and state programs administered by the Texas Workforce Commission and health and human services agencies in accordance with House Bill 2292 and House Bill 3588 (78th Legislature, Regular Session).

Source: Department of Transportation and Health and Human Services Commission (these amounts have not been audited or verified by the State Auditors Office).

Table 4 presents information regarding Medical Transportation Program appropriations.

Table 4

Medical Transportation Program History of Appropriated Funds								
Appropriation Year								
	2000 <sup>a</sup>	2001 <sup>a</sup>	2002 <sup>a</sup>	2003 <sup>a</sup>	2004 <sup>a b</sup>	2005 <sup>b</sup>	2006 <sup>b c</sup>	2007 <sup>b c</sup>
Amount Appropriated	\$38,526,697	\$41,667,405	\$53,173,773	\$61,662,428	\$72,225,876	\$83,814,437	\$92,732,733	\$94,685,817
<p>Note: Appropriated funds for fiscal years prior to 2004 are for only the Medicaid Medical Transportation Program.</p> <p><sup>a</sup> The Department of Transportation did not have responsibility for the Medical Transportation Program prior to March 1, 2004.</p> <p><sup>b</sup> Appropriations for 2004 and 2005 were made to the Department of Health. Under Special Provisions Relating to All Health and Human Services Agencies (General Appropriations Act, 78th Legislature, Regular Session), Section 26, Contingency Reduction for Transportation Services, the Department of Transportation was given the responsibility for providing transportation services during the 2004-05 bienniums, contingent upon enactment of House Bill 2292.</p> <p><sup>c</sup> Rider 26 to the Department of Transportation appropriations (General Appropriations Act, 79th Legislature, Regular Session) authorized any additional amounts necessary in fiscal years 2006 and 2007 to Medical Transportation from State Highway Fund 006 to provide recipient transportation services as required by federal and state programs administered by the Texas Workforce Commission and health and human services agencies in accordance with House Bill 2292 and House Bill 3588 (78th Legislature, Regular Session).</p>								

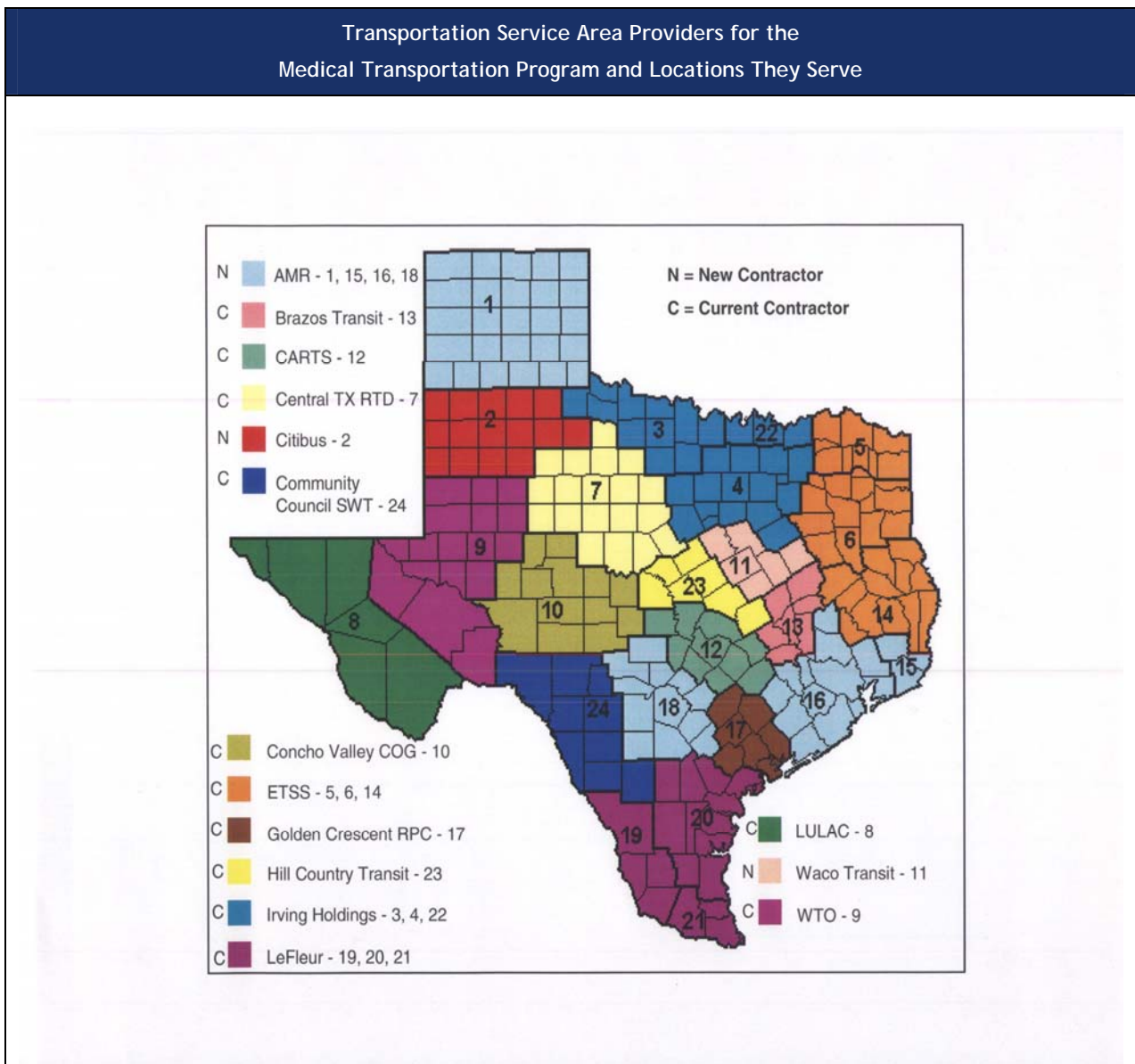
Source: General Appropriations Acts for the 2006-2007, 2004-2005, 2002-2003, and 2000-2001 biennia.



## Transportation Service Area Providers for the Medical Transportation Program

Figure 2 shows the 15 Transportation Service Area Providers for the Medical Transportation Program and their locations across the state.

Figure 2



Source: Department of Transportation

Table 5 presents the rates that will be paid to each Transportation Service Area Provider and estimated total costs.

Table 5

Rates That Will Be Paid to Each Medical Transportation Program Provider and Estimated Total Costs For a Three-Year Period Beginning on June 26, 2006						
Transportation Service Area	Transportation Service Area Provider	Number of Counties in the Transportation Service Area	In-County Trip Rate	Estimated Cost of In-County Trips	Out-of-County Trip Rate	Estimated Cost of Out-of-County Trips
1	American Medical Response(AMR)	26	\$41.52	\$1,506,429.00	\$62.16	\$1,430,676.00
2	Citibus	15	\$24.00	2,824,560.00	\$40.00	952,320.00
3	Irving Holdings	11	\$20.37	365,193.00	\$72.07	620,091.00
4	Irving Holdings	16	\$18.80	13,363,866.00	\$28.80	4,521,312.00
5	ETSS	9	\$16.79	865,761.00	\$48.33	1,707,258.00
6	ETSS	14	\$17.00	2,644,350.00	\$52.00	3,582,540.00
7	Central TX RTD	19	\$38.00	1,198,596.00	\$75.00	2,116,575.00
8	LULAC	6	\$25.00	2,884,275.00	\$100.00	1,851,600.00
9	West Texas Opportunities (WTO)	17	\$23.00	1,697,055.00	\$43.00	1,068.72
10	Concho Valley COG	13	\$18.00	291,762.00	\$45.00	391,230.00
11	Waco Transit	6	\$24.25	1,104,417.00	\$34.75	612,678.00
12	CARTS	10	\$30.00	2,118,060.00	\$85.00	1,503,090.00
13	Brazos Transit	7	\$32.12	291,297.00	\$64.24	677,796.00
14	ETSS	12	\$18.79	798,087.00	\$58.65	2,389,224.00
15	AMR	3	\$21.76	1,856,499.00	\$34.93	832,242.00
16	AMR	13	\$22.07	17,048,478.00	\$34.87	4,391,214.00
17	Golden Crescent	7	\$20.25	824,013.00	\$65.00	1,626,105.00
18	AMR	12	\$17.23	4,749,225.00	\$32.42	921,636.00
19	LeFleur	4	\$20.00	2,764,200.00	\$42.00	1,640,772.00
20	LeFleur	12	\$22.00	2,111,010.00	\$44.00	2,633,268.00
21	LeFleur	3	\$17.00	13,976,499.00	\$32.00	1,172,928.00
22	Irving Holdings	3	\$14.40	269,394.00	\$50.90	290,589.00
23	Hill Country Transit	7	\$36.00	1,951,560.00	\$71.00	1,496,751.00
24	Community Council SWT	9	\$18.00	1,049,112.00	\$24.00	1,031,904.00
<b>Totals for three -year period</b>				<b>\$78,553,698.00</b>		<b>\$38,394,867.72</b>
Note: For each year of the three-year contracts, the Department estimates the total cost of all trips will be an average of \$38,982,855.24. That amount includes \$26,184,566.00 for in-county trips each year and \$12,798,289.24 for out-of-county trips each year.						

Source: Department of Transportation

## Management's Comments

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July 27, 2006

Mr. John Keel, CPA, State Auditor  
State Auditor's Office  
P.O. Box 12067  
Austin, Texas 78711-2067

Dear Mr. Keel:

Thank you and your staff for your time during the recent review of the Medical Transportation Program (MTP) residing in the Public Transportation Division.

In general, the Texas Department of Transportation concurs with the State Auditor's Office report on the status of MTP activities. We appreciate your insights regarding the areas that need attention.

Again, we thank you and your entire team from the State Auditor's Office for your cooperative efforts.

Sincerely,

Michael W. Behrens, P.E.  
Executive Director

cc: Eric L. Gleason, Director, Public Transportation Division, TxDOT

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