



Alliance for the Betterment of
Citizens with Disabilities

Empowering People: Providers Shaping Policies

Transportation and Day Habilitation.

Unbundled (and paid for separately) or included in a bulk service rate, transportation is crucial for independent living and community inclusion. So much so that inadequate transportation is often framed as a civil rights issue.¹²³

Though transportation is probably one of the largest service needs for people with I/DD, it is frequently reported as a problem. The Covid and staffing crises have only exacerbated access, particularly for those who need adapted vehicles with additional staff.

Background

Bring up day habilitation (DH) transportation with a provider and the undercurrent of irritation will be palpable. They will likely report that their displeasure is due to the belief that either they shouldn't be in the business of transportation, a bundled rate inhibits individual choice, the computation model is unfair, the rate setting process was not sufficiently transparent, the rate does not fully cover DH transportation costs, or any or all the above.

- The responsibility of DH to transport individuals to and from DH is misplaced. Transportation bears no relationship to and saps precious resources from the mission and goals of the DH. The question is, if not DH, who would have been responsible for transporting the individuals?
 - Residential Provider. During FFS deliberations the suggestion that DH transportation be the responsibility of the residential provider was scrapped, mainly because individuals who live in their own home would be excluded and, alternatively, divvying up the responsibility would render the service overly complex. Even so, without additional remuneration some residential providers are driving individuals residing in their group homes to DH out of concern for the individual and their bottom line.

¹ AAPD. *Equity in Transportation for People with Disabilities*. February 2012. The Leadership Conference Education Fund. www.aapd.com and www.civilrightsdocs.info

² APA. *Despite the ADA, Equity is Still out of Reach*. November 2020. www.apa.org

³ Friedman, C and Rizzolo M. *The State of Transportation for People with I/DD in Medicaid HCBS 1915© Waivers*. April 2016. Journal of Disability Policy Studies. www.researchgate.net

- Individual. Ideally, individuals should choose how they get to their programs. In reality, the dearth of transportation options for people with disabilities may make this a non-choice for too many. Recent bills in the NJ Legislature focus on transportation access for people with I/DD and other disabilities. It will take time to ensure that fixed routes and on-demand services are fully accessible. In addition, requiring individuals to pay out of pocket (either from personal resources or their Medicaid budget) for a service contained in the fixed rate (even if it does not cover the actual cost) is duplicative and may violate federal policy.
- The computation model is unfair. After what appears to have been long, fraught, and agonizing discussions, the state decided to neither calculate by time nor split urban from suburban and rural. They settled on what they believed to be an equitable and simple policy through a mileage calculation for each DH marking a catchment within which the DH provider was required to transport without receiving additional funds other than what was embedded in the DH rate. Initially, the state designated each DH to propose a reasonable catchment for consideration though many DH did not yet have a handle on the cohort of individuals who would choose their programs. If DH enrollees changed over time, the catchment could be renegotiated with the division. Though the state continues to allow DH to renegotiate their individual catchment, standard requirements for the minimum percentage of enrollees transported have been recently established and are being enforced.
- Transparency and communication during the rollout of the FFS system may not have been optimal. In numerous public presentations the state frequently admitted that the outline for transportation was still under consideration while state staff were known to admit that no issue was harder to address than transportation. Even though many DH providers were included in initial deliberations, and all understand the current transportation model, not one knows how much they are receiving for transportation. This unawareness is also the case with current and former state staff we polled who assure us that an allocation is included in the “program support” bucket which was incorporated into the final DH rate. Not knowing the amount for transportation per claim unit makes it impossible to determine what DH are being paid to transport, not to mention whether it is enough even with the recent 19.7% increase.

Initial Conclusions

- Transportation provided chiefly by DH may have been the best option at the time, but it should be regarded only as an interim solution. As our system and culture advance toward full access to transportation for the disabled, transportation policy should be periodically reviewed and updated particularly whether it should be extracted from the DH rate and converted to an independent service. Individual choice must rule the day.
- If you live in NJ, you likely sit in spots clogged daily, drumming your steering wheel in frustration as you crawl to your job, program, or school. The state with the third worst interstate traffic in the country⁴ and 7 of the 10 most densely populated municipalities in the US⁵ should consider a transportation model(s) based on distanced traveled and time spent in slow traffic.

⁴ BestLife. October 4, 2021. This State Has the Worst Traffic in the US According to Data.
<https://bestlifeonline.com/state-worst-traffic-news/>

⁵ https://en.wikipedia.org/wiki/List_of_United_States_cities_by_population_density

- The transition to FFS was a complicated time and made many demands on DDD staff. Nevertheless, communication and transparency probably could have been better, particularly after the transition.
- Universal ignorance of the percentage or amount per unit for transportation in the DH rate means:
 - DH provider’s belief that the rate does not fully cover transportation costs is a position that they are currently unable to prove.
 - The belief that the 19.7% increase to the DH rate covers possible transportation calculation flaws is an unverified presumption.

It’s Included, but is it Enough?

DH may not know how much they are being paid for transport, but we can deduce the percentage of their revenue that goes toward transportation.

A survey of ABCD’s DH providers who transported individuals during FY’19 (fiscal year before Covid) tallied that fiscal year’s DH transportation spend and total revenue. From these figures the percentage of revenue spent on transportation in FY’19 was calculated. Factoring in a 19.7% revenue increase and 9% inflation factor to the cost determined the percentage of revenue spent on transportation today, all other things being equal.

We found that in 63 DH programs serving 2183 people an average of 37% of their revenue was spent on transportation in FY’19.⁶ For FY’23 after factoring in the 19.7% increase this average would be 31% before inflation and 34% after inflation,⁷ all other things being equal.⁸

For context, transportation alone costs U.S. businesses 10.4% of total revenue according to the 2019 Annual State of Logistics.⁹ And for businesses in which the primary function is delivery service the percentage of revenue which goes toward transportation is lower on average than it is for the survey participants: 20% of UPS’s total expenditures goes toward purchased

⁶ Mean was 30%

⁷ Mean was 27.5%

⁸ 60 of DH surveyed transported between 86-100% of their participants and varied in their .74/mile collections. 65% didn’t collect any additional funds and 33% collected about half of what they would have had their catchment only included 75% of their participants. We calculated the maximum additional revenue that these sites could charge based on the new 75% within catchment area requirement. The formula we used for the calculation: *Number of People (25% of their DH participants) x Miles per day (Farthest mile from site of any one participant minus the catchment mile, doubled to represent morning pick up and afternoon drop off) x \$0.74/mile x 5 days/week x 50 weeks/year.*

We found that the increased revenue would translate into an average reduction of 1.8%. Though all revenue should be collected, for the purpose of this white paper, this addition is de minimis.

⁹ *Transportation Costs for Business: The Breakdown.* May 3, 2022. OptimoRoute <https://optimoroute.com/transportation-costs/#:~:text=Transportation%20alone%20costs%20US%20businesses,Annual%20State%20of%20Logistics%20rep ort.>

transportation; ¹⁰around 17% of Amazon Logistics expenditures goes towards shipping costs; ¹¹ and 24% of FedEx total expenditures goes toward purchased transportation. ¹²

But the average and mean don't show a complete picture; the data patterns are stark and worth examining.

In FY 2019:

- Fifty-seven percent of DH surveyed (the bottom percentile) averaged 24.6% of their revenue was spent on transportation. These DH typically had a low percentage of people in wheelchairs, were not located in high density areas and provided services to individuals who had mid/high level tiers with some acuity.
- Twenty-four percent of those surveyed averaged 32% of their revenue was spent on transportation. These DH had a very high rate of overtime either due to long travel distances and/or many people in wheelchairs, in areas of the state where drivers come at a premium.
- Six percent of those surveyed averaged 54% of their revenue was spent on transportation. These DH had a census of between 60-100% individuals in wheelchairs and were in densely populated/urban-like areas, which calls to mind NJ's safety net hospitals.
- For the remainder serving people in lower-level tiers, over 80% of their revenue was spent on transportation.

It's Required, but is it Sensible?

Currently, statewide utilization in DH is 22% below normal. ¹³ This is consistent with the trend monitored by ABCD. Three polls of ABCD members conducted in February, March, and April 2022, found that compared to pre-Covid period, the average utilization in DH dropped by 35%, 31% and 29% respectively. In 2022 the causes for the decrease in utilization were Covid related concerns and the inability to hire enough drivers and DSPs. Today, the causes continue to center around the inability to hire drivers and DSPs in addition to the increased number of individuals choosing to receive self-directed services in their family home. Since DH revenue is linked to individuals receiving services only while in the DH ¹⁴, during the PHE "if providers coulda, they woulda," ¹⁵ provided transportation.

¹⁰ *How Big is Purchased Transportation Cost for UPS*. December 23, 2019. Forbes <https://www.forbes.com/sites/greatspeculations/2019/12/23/how-big-is-purchased-transportation-cost-for-ups/?sh=603588e46299>

¹¹ Richter, Felix. *Amazon's Escalating Logistics costs*. July 22, 2022. Statista <https://www.statista.com/chart/17207/amazon-shipping-and-fulfillment-costs/>

¹² Trefis Team. *FedEx Spends 25%, 35% or 45% of its Money on Purchased Transportation*. December 9, 2022. Forbes. <https://www.forbes.com/sites/greatspeculations/2019/12/09/fedex-spends-25-35-or-45-of-its-money-on-purchased-transportation/?sh=b73baeb44a1d>

¹³ Reported to ABCD's ED by a third party in touch with the state.

¹⁴ Excluding revenue derived from transporting individuals outside of the DH catchment at \$0.74/mile.

¹⁵ Irish mob boss, Frank Costello in *The Departed*, actual quote is "if you Coulda, you Woulda."

Recently, DDD has required the catchment to capture 75% of DH participants (with some exceptions when accommodating those who have historically received transportation). DDD is to be credited for their action to treat DH equitably. However, increasing the number of people that must be transported without additional resources while the industry has shrunk by over a fifth and the labor crisis shows no signs of abating, may not be viable.

Bias for Action can Lead us to Solve the Wrong Problem

If the problem is framed that “DH is not transporting enough people to DH,” we may restrict creative problem solving and lead to further stagnation, erosion of the industry, or DH service deserts. Instead, if the goal is to provide more access to DH, transportation options will need to be maximized, not limited. Some suggestions for consideration.

- Increase the DH transportation amount so that DH can improve opportunities to hire/retain transportation staff and comply with division requirements. Provider payments must be sufficient to enlist enough providers. And while a corrective action plan may include providing additional transportation to services (Setting a base line percentage of participants in a transportation catchment), increasing payment rates is also a viable option.¹⁶
- More regulatory flexibility may help optimize creative problem solving. Removing the transportation amount from the DH rate and allowing more flexibility in catchments are two possibilities.¹⁷
- If an individual with a lower tier desires to and is appropriately placed in a DH, they should receive enough to cover their transportation. The current model is failing this group of individuals.
- Include time spent in the payment model.
 - Surge pricing could be made available as an add-on to providers in certain areas of the state, at certain times of day.
 - Establish two transportation codes, one for distance and one for time. Pre-designate which code an agency is to use based on their location.
 - Deduct cost directly from a person’s budget. Create a transportation debit card tied to the person’s budget. Payment formula would include distance, time and number of passengers which would convert this information into a fare.

¹⁶ Federal Regulations, Title 42- Centers for Medicare and Medicaid Services, Department of Health and Human Services, Subchapter C-Medical Assistance Programs, Part 447-Payments for Services, Subpart B-Payment Methods. General Provisions. 42 CFR 447.203 (8) (i) *Addressing ... inadequate access to care.*

¹⁷ The concern that DH providers would summarily discontinue transporting individuals if it were no longer included in the rate is specious. People need to come through the DH doors and use the service, for a DH to claim payment. DH will make every effort to do so, including continued or expanded transportation. The decision on how to transport can be set on an individualized level, at the ISP.

- Include a wheelchair factor/add on in the payment model.
- With respect to our “safety-net” DHs, one of the most dramatic areas in which prices do not cover the costs of services delivered. The current model is failing these DHs and by extension, the wheelchair city dwellers they serve. Like for our safety net hospitals, the market cannot be counted on to solve all issues, like preventing DH service deserts.

Today’s arrangements clearly reflect the difficult realities of the past.¹⁸ Then came Covid and the labor shortage, making transportation even more problematic. Equitable treatment of providers, pressure from stakeholders and the 19.7% increase gave DDD reasonable and understandable cause to act. The problem is the solution may not be enough to solve this rather knotty issue.

Postscript

That we will return to pre-Covid normal may be a fanciful assumption. Due to unpredictability on the ground and unprecedented interventions¹⁹ made data from FY’20, ’21, and ’22 too much of an outlier for our purposes. Sensing a “new normal”, at the close of FY’23 we will conduct the same survey with our members for this most recent fiscal year and share the results with the division and the public.

Attachment: DH Transportation FY ’19 Template

March 22, 2023

¹⁸ Budget neutrality in the transition from contract-based to fee for service-based care.

¹⁹ Day program supplemental payments and required program closures.

DH Transportation Worksheet

DH Annual Expense for Transportation in FY 2019

Personnel Cost (Drivers & Aides)

- Salaries
- Payroll Taxes
- Workers Compensation
- Health Insurance
- Group Insurance

Fuel

Regular Maintenance/Repairs from Accidents

Vehicle Lease/Purchase

Insurance

Depreciation

Tolls/E-Z Pass

Trackers for safety of served individuals.

Two-Way Communication

Miscellaneous

Administration 2% of Payroll

Total DH Transportation Costs = A

DH Revenue from All DDD Sources in FY 2019

DH FFS Revenue

Transportation Mileage Revenue

Total = B

Percentage of DH Revenue which Pays for Transportation Expenses

A/B = C

Please use only FY'19 data for all answers

1. How many DH are you reporting on for this survey?
2. How many participations are enrolled in DH?
3. How many and what percentage of participants did you provide transportation services?
4. How many and what percentage of participants are transported within your current catchment area? (What is your catchment? What would it be at 75%)
5. How many drivers and aids were employed to transport?
6. What number and percentage of your transportation was for people in wheelchairs?