

MEDICAID AND DART PARATRANSIT IMPACTS

▶ DART Paratransit

DART Paratransit is a door-to-door and wheelchair accessible service provided for senior citizens and persons with disabilities living in Polk County who are unable to independently use regular DART bus service. This service is significantly impacted by Iowa Medicaid reimbursements.

DART operates three distinct paratransit services:

- ▶ **BusPlus:** \$3.50 rider fare, required through the Americans with Disabilities Act and subsidized through the local property tax levy. The federal government requires that these trips be offered within the Fixed Route service area and that the cost cannot exceed more than twice the Fixed Route fare, which is currently \$1.75.
- ▶ **Medicaid Services:** No rider fare, reimbursed by Medicaid or managed care organizations (MCO) at a rate of about \$25 per one-way trip.
- ▶ **Polk County Services:** No rider fare, reimbursed by Polk County at similar rates as Medicaid services.

▶ Managed Care Impacts on DART

The State of Iowa moved to a privatized Medicaid managed care model in 2016 followed by an administrative change to the program that reimbursed Medicaid waiver providers through a tiered rate structure.

Prior to the change to managed care, DART worked directly with Medicaid to recover the full cost of a Paratransit trip, which was about \$25 per one-way trip. DART has had to manage reimbursements in a new manner under managed care, presenting two significant challenges:

Increased administrative burden:

DART has had to increase staff time and resources allocated to completing paperwork in order to bill MCOs and conduct what is often multiple rounds of follow-up. This is compounded each time a provider exits the system and a new provider enters, which has happened multiple times since the adoption of a managed care system.

Net Revenue	Medicaid Revenue	Loss Compared to FY 2015
FY 2015	\$1,191,490.09	
FY 2016	\$1,011,150.30	\$180,339.79
FY 2017	\$902,740.06	\$288,750.03
FY 2018	\$525,269.74	\$666,220.35
FY 2019	\$321,301.85	\$870,188.24
FY 2020	\$187,180.02	\$1,004,310.07
FY 2021	\$122,966.48	\$1,068,523.61
Cumulative Loss		\$4,078,332.09

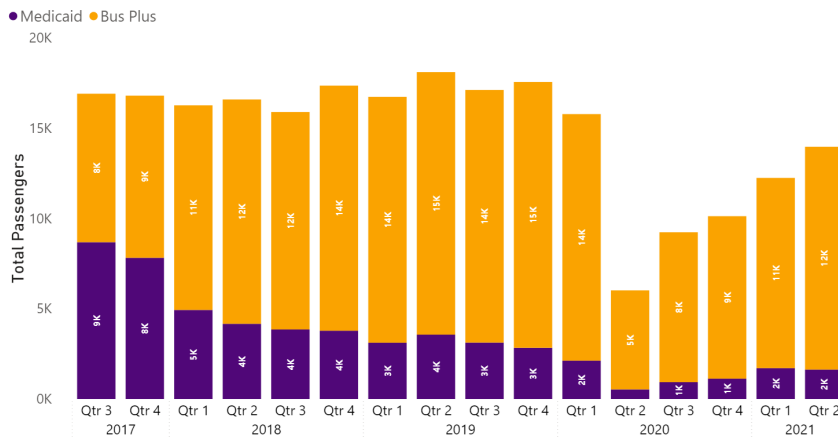
Significant revenue loss:

DART Medicaid revenue has decreased from \$1.2 million in fiscal year (FY) 2015 to about \$180,000 in FY2021. This means that between FY 2016 and FY 2021, DART has experienced a cumulative loss of nearly \$4 million in estimated Medicaid revenue based on an average year prior to the transition to managed care.

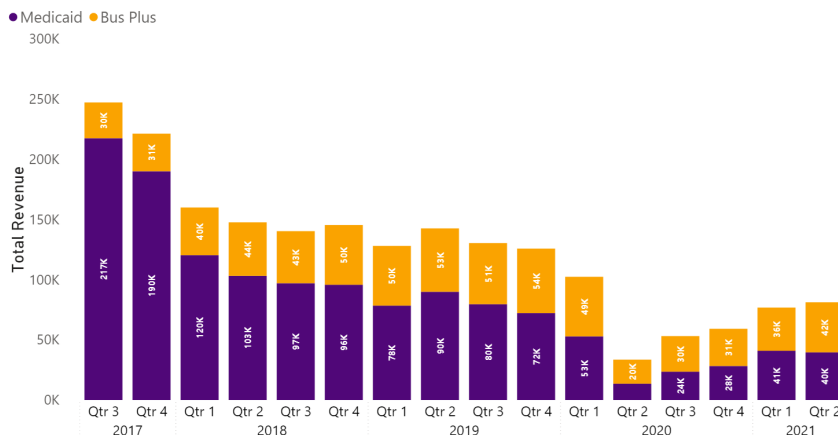
- ▶ **Background:** The State of Iowa introduced a tiered-rate system for benefit providers, bundling different services (housing, food, transportation, etc.) into one flat rate. Now, providers often allocate funds towards other necessities over transportation.

- ▶ **Reliance on ADA Bus Plus instead of Medicaid Reimbursement:** MCOs and providers have taken advantage of DART's ADA program, having riders pay \$3.50/trip instead of reimbursing DART at the Medicaid rate.
- ▶ **Result:** DART had to increase its property tax levy in FY2020 to cover the loss in revenue. This means local taxpayers are paying state taxes for Medicaid as well as paying more in local property taxes.

▶ Paratransit Total Trips



▶ Estimated Paratransit Revenue by Source



▶ Questions?

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What's Next

▶ Ongoing Discussions:

DART continues to discuss its concerns with Iowa Medicaid regarding appropriate reimbursement and use of the ADA program. DART has discussed its concerns with Iowa Medicaid regarding the lack of coordination of coordination and the use of the ADA program for Medicaid trips and the use of the ADA program for Medicaid trips. We believe this is transferring Medicaid transportation costs to local transit authorities and onto local property taxpayers. This is especially challenging at a time when the backfill is being eliminated and an operator shortage is driving an increase in operating costs for public transit. DART is also continuing to work with legislators and federal officials on this issue.

▶ Proposed Solutions:

- ▶ Carve out transportation from the tiered rate structure to ensure adequate reimbursement to support ongoing transportation services.
- ▶ Improve coordination of trips, including a renewed focus on innovation and technology to ensure providers and brokers combine like trips. This could include providing public transit systems with the first right of refusal on all trips to leverage transit systems' trip-planning technology.
- ▶ Work with Medicaid providers to ensure they understand how combining trips makes the system more efficient and how leveraging the ADA program instead of paying the Medicaid rate for a trip strains the long-term ability to provide transportation services.
- ▶ Conduct a study of systemic needs similar to other states such as Minnesota to identify how to better support Medicaid recipients through transportation services.



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