



NEW YORK STATE SENATOR

George M. Borrello

Senator Borrello Heralds Cost-Saving Reforms to Non-Emergency Medical Transportation (NEMT) in State Budget

GEORGE M. BORRELLO April 8, 2020

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ALBANY – Following his strong advocacy on the issue, Senator Borrello has announced that among the Medicaid reforms passed in the state budget are changes designed reduce excessive costs related to the Non-Emergency Medical Transportation (NEMT) services by incentivizing efficiency among transportation brokers, including greater utilization of public transit systems. The reforms are projected to produce savings up to \$93 million with even greater benefits in subsequent years.

In early March, Senator Borrello went public with statistics from Chautauqua County showing a staggering 1,300 percent cost increase in NEMT spending between 2013 and 2019. The primary factor driving the increased spending was a sharp rise in single-rider taxi service in lieu of public transportation, following the state's takeover of NEMT coordination from the counties. Brokers under this system were reimbursed on a fee-for-service model that incentivized volume rather than efficiency.

Under the new changes, the fee-for-service model will be replaced with a per-member-per-month (PMPM) capitated fee or a combination of capitation and fixed cost fee-for-service. Under a PMPM model, transportation providers are paid a set amount for each individual they serve, regardless of the costs each individual actually incurs. This model incentivizes brokers to operate more efficiently and cost-effectively.

Other elements of the NEMT reforms would:

- Facilitate greater utilization of public transportation providers in rural areas.
- Maximize use of public transit in New York City and other urban areas.
- Implement new quality control standards.
- Reduce rates for taxi NEMT services by 7.5 percent.

“When the state took over the management of NEMT and contracted with transportation brokers to execute these services, costs skyrocketed, particularly upstate, as brokers rejected use of affordable, reliable regional public transit systems in favor of higher-cost, single-rider taxi services,” said Senator Borrello.

“That shift from public transit to taxi rides resulted in millions of taxpayer dollars wasted on transportation services that could have been delivered at a fraction of the cost. Stories of

cash bribes paid by drivers to Medicaid recipients and other illegal activities were common under this flawed and wasteful program initiated by the state. It also had the unintended consequence of jeopardizing the existence of critically-needed upstate regional transit systems that relied on NEMT ridership to remain financially viable. In order to help these transit systems survive, the state had to provide additional subsidies to make up for the loss of NEMT ridership. The whole situation was really emblematic of how Albany's 'solutions' to issues often create additional costly problems," Senator Borrello said.

"The NEMT reform set to be implemented is a victory for state and local taxpayers, regional transit systems and NEMT riders who will benefit from new quality control standards that transportation providers will have to meet. I am glad that our advocacy had an impact and will help ease some of the financial strain placed on our local and state governments by our massive Medicaid system," Senator Borrello concluded.

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