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Overcoming a Stumbling Block to Transportation Coordination:

The CCAM TRIP COST and Pricing TOOL

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Sponsored By: Coordinating Council on Access and Mobility

In a Coordination Effort, How Do Service Providers Determine How to Cost Their Service?

Common Concerns

- Our rates are based on what an agency is willing/able to pay
- I have inherited a lot of contracts that have different contractual rates
- We haven't raised our rates in years
- How can I meet expectations: our community partners expect us to be there for them and provide their needed service?
- Every agency needs to be billed in a different way
- What is a fair distribution of costs?
- How do I serve a purchaser that has limited financial resources?
- When do I say Yes?
- When do I say No?

Common Concerns

- Is my agency being paid a fair price for the services?
- Is my agency subsidizing other agencies?
- Are all agencies we serve being treated equitably?
- Does our structure result in cross-subsidization between the agencies we serve?

How Do I Know What to Charge?

- What does it cost my agency to provide service?
- How should I price the transportation service?
- What happens if I do not cover my costs?
- Can I group trips to be more efficient?
- How can I bill for shared-ride trips?

The First Step to Being Paid a Fair Price is to Know What It Costs to Provide the Trip

Typical Basis for Trip Pricing

- Price for service established based on what a client is willing to pay rather than the actual cost to provide the service
- Pricing structures based on marginal cost rather than fully allocated cost
    - Real costs that are not capture result in service-provider agencies subsidizing service-purchaser agencies
- Different cost structures for different clients with different profit (loss) margins
    - Interdependence of contract and cross-subsidization

Indirect Costs

- Indirect costs not captured in pricing structure even though real cost of doing business
- No shows, deadhead, wait times not allowable as direct cost

PROVIDER CHALLENGES: Shared Rides

- Even though the GAO has advocated for grouping trips as a cost saving strategy since 1977 as shared rides are more efficient and profitable, there was no accepted basis or methodology for allocating shared ride costs between clients (Federal agencies) on an equitable basis
- As such, grouping trips has been discouraged… autonomous services can not take advantage of efficient ride share arrangements resulting in more expensive trips for everyone

CONGRESSIONALLY MANDATED

- Address Congressionally Mandated Action
  - FAST Act
    - Congress stipulated that the USDOT and the Coordinating Council on Access and Mobility (CCAM) develop cost allocation technology
      - Account for disparate Federal reporting requirements and maintain separation of funding sources by trip for NEMT
  - While embedded in the FAST Act, this issue was recognized more than 48 years ago

OPPORTUNITIES

- Adoption of Uniform Cost Principles in the Administration of Federal Award
  - OMB Circulars A-87, A-122
  - 2 CFR § 200
- Wide Use of Automated Accounting Software
- CCAM's Issuance of the Cost Sharing Policy Statement
  - Published in June 2020
- Medicaid Transportation Coverage Guide
  - Published on September 20, 2023

PHILOSOPHICAL REFOCUS

- FTA/CMS Active Participation in Coordinating Council on Access and Mobility (CCAM)
  - Understanding Issues and Concerns
- Tool Developed from the Trip Purchases Perspective

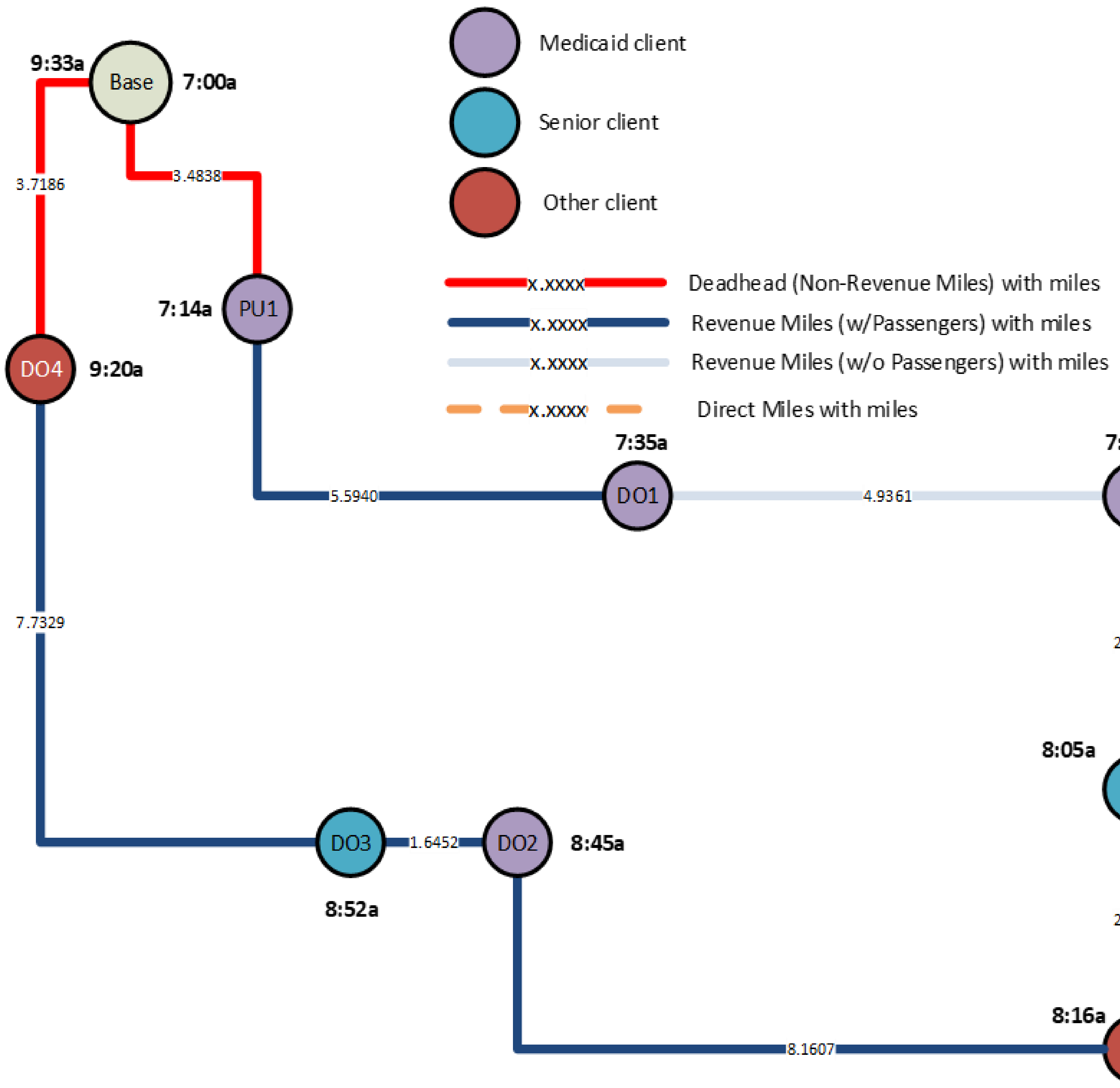
"To Properly Allocate Transportation Costs to the Medicaid Program, States Must Rely on Data that Appropriately Apportion Costs to the Medicaid Transportation Cost Objective, and Then Allocate Only Those Transportation Costs to the Medicaid Program According to the Medicaid Program's Share of the Provider's Total Services - That Is, Allocate Only the Proportion of the Provider's Activities That Benefitted the Medicaid Program"

*Medicaid Transportation Coverage Guide, September 2023

MODEL ELEMENTS

- Use of a Uniform Budget Template To Promote Full Cost Recognition
- Modification of the FTA Price-Waterhouse Landmark Report on Cost Allocation Techniques
- Adoption of CMS's Budget Certification Process
- Adoption of Multi-Functional Approach to Generating Fully Allocated Costs
  - The model can price a service
  - The model can price an individual trip
- Adding Interactive Map Application to Generate Map O/Ds for Specific Trips

ILLUSTRATION



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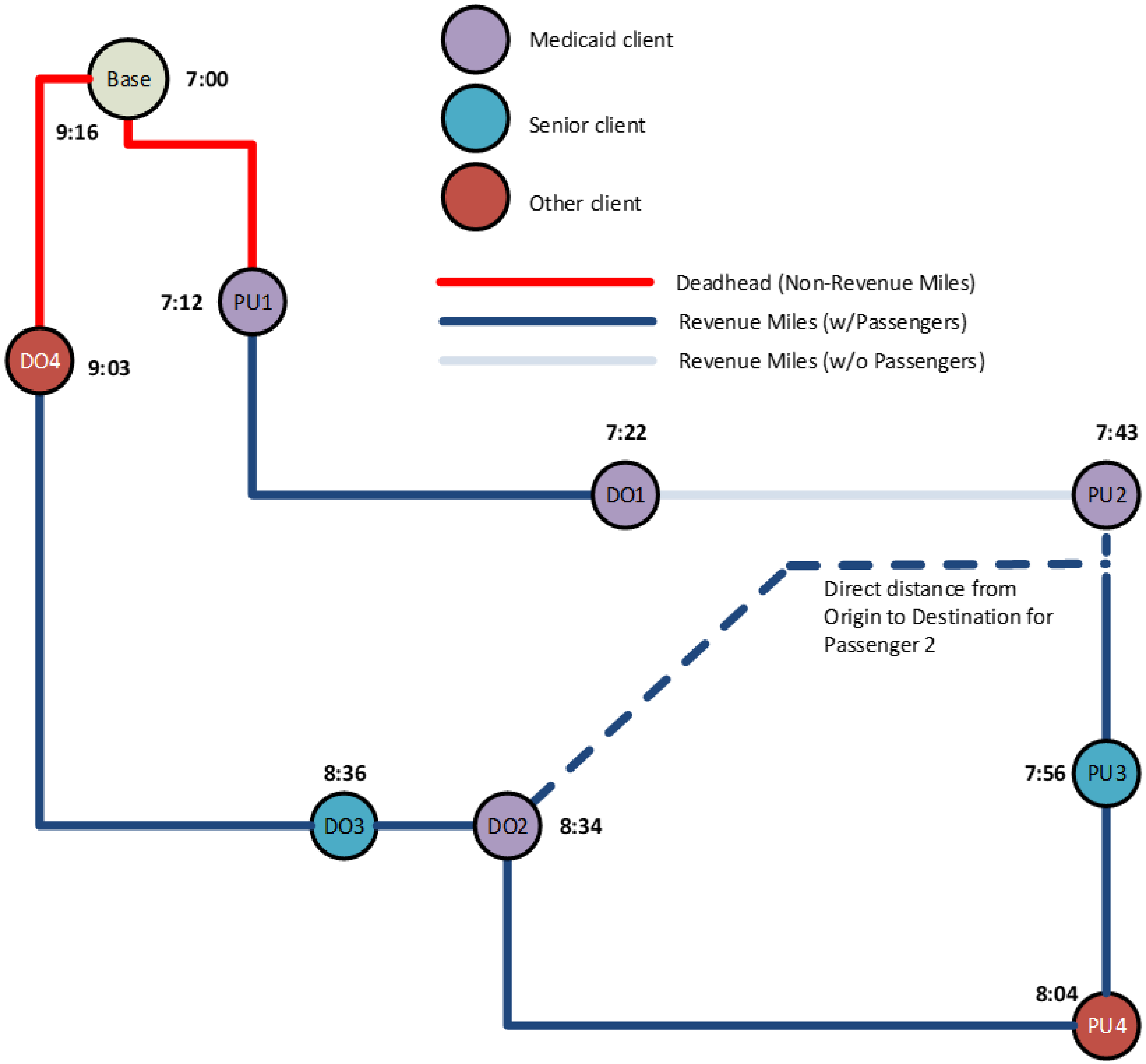


INITIAL MODEL ELEMENTS

- Registration
- Organization Information
- Service Data
- Financial Data
- Certification
- Trip Costing

EVOLUTIONARY DEVELOPMENT

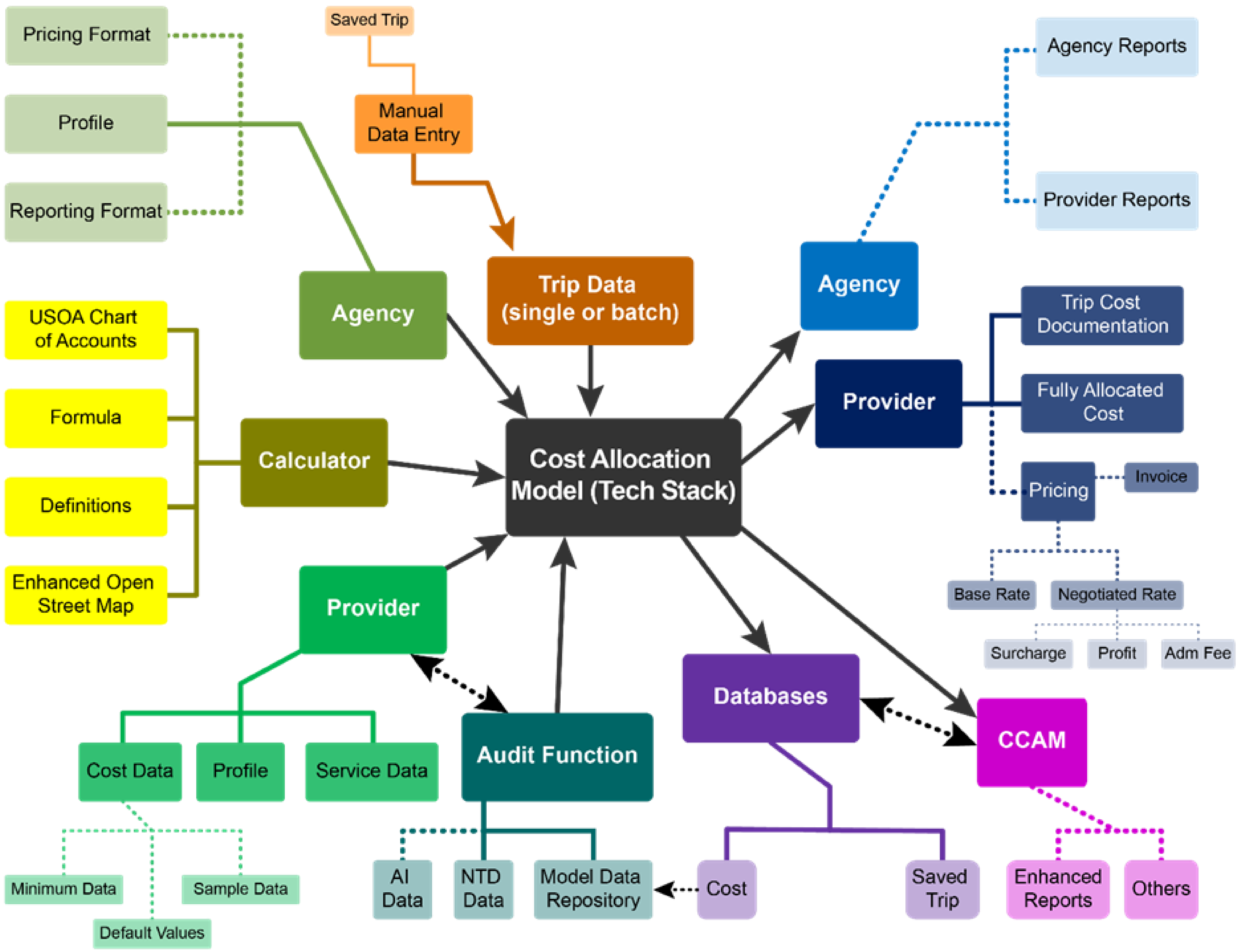
- Industry Specialists Input and Field Testing Prompted Additional Development Efforts
  - Not limited to NEMT
  - Pricing module
  - Invoice documentation
  - Batch trip entry
  - Group trips
  - Reporting functions
  - Audit functions—inputs within range
  - Sample data entry— entities w/insufficient data

EVOLUTIONARY DEVELOPMENT

- Model Can Be Accessed From the CCAM Technical Assistance Center

https://www.ccam-tac.org/ccam-tac-trip-cost-allocation-tool/

EVOLUTIONARY DEVELOPMENT



FUNCTIONALITY - SERVICE LEVEL

- Service Planning
  - Alternative analysis
    - Expansion of service
    - Elimination of service
- Contractual Analysis
  - Segregation of service costs
  - Cross subsidization analysis
- Decision tool
  - Accept or denial of trip based on service cost
- Rate Negotiation – State, Region, Service Area

FUNCTIONALITY - TRIP LEVEL

- Rate Negotiation
- Comparative Analysis
- Payment Verification
- Real Time Trip Costing—Invoice Adjustments
  - Detours, congestion delays, other unusual circumstances

FUNCTIONALITY - PRICING

- Cost of Trip—Origin-Destination
- Fees
  - Excessive wait times
  - Capital replacement surcharges—not depreciation—not NEMT eligible
  - Profit—private sector only
  - Group trip load factor for additional passengers
  - Other

FUNCTIONALITY - DOCUMENTATION

- Cost of Trip
- Invoicing
- Reporting

Tool Demonstration

QUESTIONS/ DISCUSSION