

# **Human Service Transportation Coordination State Profile: Kentucky**

**Prepared for the Federal Transit Administration  
and the U.S. Department of Labor**

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*Author's Note: This is the first in a series of four profiles of state human service transportation coordination programs. Coming next are profiles on Washington, Wisconsin and Florida.*

## **Introduction**

Personal mobility is a crucial need for all individuals, but especially for the transportation disadvantaged – those impaired by age, disabilities that prevent them from operating a vehicle, or those with income constraints. By 2030, the United States will see a significant increase in the number of those considered to be transportation disadvantaged, especially those over the age of 65.

Today, 13 percent of Kentucky's population is 65 or older<sup>1</sup>, in 2020 that number climbs to almost 16.5 percent, and by 2030 it is almost 20 percent – a 62 percent change or an addition of 345,979 people.<sup>2</sup> According to a 2002 survey one in five of this group does not drive,<sup>3</sup> which means that an additional 79,731 people in Kentucky will be seeking sufficient transportation options in the next 20 years. How will these people find adequate transportation?

The new health care reform law will also create additional Medicaid beneficiaries who will be eligible for non-emergency Medicaid transportation or NEMT. In Kentucky, an additional 425,777 will be eligible for NEMT Kentucky in 2014 when Medicaid is expanded to 133 percent of the federal poverty level.<sup>4</sup> Further, the Community Transportation Association of America (CTAA) is advocating that persons who purchase their health insurance through the state exchanges created through the health care reform law be eligible for transportation services similar to NEMT.<sup>5</sup> This has the potential to give an additional 444,000 Kentucky residents<sup>6</sup> the right to access adequate transportation options to and from their medical related appointments.

These numbers are sobering for a public transportation system that is suffering from cutbacks because of the economic recession; however, at least 26 states<sup>7</sup> have taken a variety of

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<sup>1</sup> U.S. Census Bureau, *State and County Quick Facts: Kentucky*, <http://quickfacts.census.gov/qfd/states/21000.html> (last visited July 12, 2010).

<sup>2</sup> U.S. Census Bureau, *U.S. Population Projections, Population Pyramids and Demographic Summary Indicators for States*, <http://www.census.gov/population/www/projections/statepyramid.html> (last visited June 8, 2010).

<sup>3</sup> Linda Bailey, *Aging Americans: Stranded Without Options* (Washington, D.C.: Surface Transportation Policy Project, 2004), 4.

<sup>4</sup> John Holahan and Linda Blumberg, *How Would States Be Affected By Health Reform? Timely Analysis of Immediate Health Policy Issues* (Washington D.C.: Urban Institute, 2010), 9.

<sup>5</sup> Dale J. Marsico, *Important Changes to Medicaid Transportation Benefits* (Washington D.C.: Community Transportation Association of America, 2010)

<http://web1.ctaa.org/webmodules/webarticles/anviewer.asp?a=45&z=36> (last visited June 28, 2010).

<sup>6</sup> DPC, *Benefits of Health Reform in Kentucky*.

<sup>7</sup> Nicholas J. Farber and James B. Reed, *State Human Service Transportation Coordinating Councils:*

proactive measures to ensure that they have a transportation delivery program in place that ensures adequate transportation for those who cannot obtain it on their own and save state money and resources at the same time. Out of these states, some have innovative programs that do an exceptional job at both transporting the transportation disadvantaged and preserving state resources. This brief will explore Kentucky's Human Service Transportation Delivery (HSTD) program, how it is funded and the results the program has seen since its inception in 1998.

## **Program Description**

In 1996, Empower Kentucky, a gubernatorial advisory committee issued a report recommending the consolidation of the state human service transportation systems under a managed care model to contain increasing costs of specialized transportation.<sup>8</sup>

In 1998 the Kentucky General Assembly enacted several statutes as a result of Empower Kentucky to better coordinate human service transportation programs throughout the state. The HSTD program was created within the Kentucky Transportation Cabinet "to control spiraling Medicaid nonemergency transportation costs and coordinate trips among social service agencies"<sup>9</sup> and was also given the authority to accept and distribute federal funds to entities that further coordination.<sup>10</sup> The state's mission providing human service transportation coordination is to "promote accessible transportation in all areas of the state" ... which will "combine the transportation resources of participating governmental agencies and private sector providers and ... be structured so that it is effective, efficient, and easily administered."<sup>11</sup> The state also coordinates rural general public and special needs transportation; however it has not been implemented in every county, which makes it difficult to draw any concrete conclusions like those seen in the NEMT program.<sup>12</sup>

Before the program was created the state's transportation delivery process was fragmented, increasingly costly and vulnerable to fraud and abuse;<sup>13</sup> however according to a 2004 legislative investigation of the HSTD it appeared as if the brokerages were containing the cost of NEMT

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*An Overview and State Profiles* (Denver: NCSL, 2010).

<sup>8</sup> Jon E. Burkhardt, David Koffman and Gail Murray, *TCRP Report No. 91 Economic Benefits of Coordinating Human Service Transportation and Transit Services* (Washington D.C.: Transportation Research Board, 2003), 78.

<sup>9</sup> Kentucky Legislative Research Commission and Program Review and Investigations Committee, *Human Service Delivery: System faces Quality, Coordination, and Utilization Challenges* Research Report No. 319 (Frankfort, KY.: KLRC, 2004), 1 [http://www.lrc.ky.gov/lrcpubs/RR319\\_web.pdf](http://www.lrc.ky.gov/lrcpubs/RR319_web.pdf).

<sup>10</sup> Ky. Rev. Stat. §96A.095 (2010).

<sup>11</sup> Kentucky Transportation Cabinet, *United We Ride Grant Proposal Kentucky Action Plan* (Frankfort, KY.: Kentucky Transportation Cabinet, 2009), 2.

<sup>12</sup> TCRP Report No. 91., 81. See for example the Paducah Area Transit System mentioned below.

<sup>13</sup> Human Service Transportation Delivery, 3.

and have reduced the incidence of fraud and abuse.<sup>14</sup> Under the voucher system a county welfare caseworker would issue a voucher to a recipient, who would then contact a transportation provider to take him or her to their medical appointment. The transportation provider would then present it to the state for payment.<sup>15</sup> To prevent the NEMT voucher program's proclivity for fraud and abuse (for example, excessive mileage or trips outside NEMT purposes) the HSTD moved Kentucky into a capitated brokerage that split the state into 15 regions.<sup>16</sup> Each region's brokerage is awarded either to an agency or to a nonprofit through a competitive bidding process. Brokers are required to serve as regional coordinators and "can act as transportation providers themselves, contract with other transportation subcontractors ... or act solely as brokers by contracting out all transportation provision [*sic*]."<sup>17</sup> The broker provides services like recruiting transportation providers, payment administration, reserving and assigning trips, assuring quality and providing oversight.<sup>18</sup>

The regional brokers are paid based on a capitated rate and the program is structured to control costs. The capitated rate is determined by how many eligible recipients are in the broker's region. The broker then receives a flat rate each month despite the number of riders they have.<sup>19</sup> The pricing model provides an incentive to brokers to ensure that their providers are not denying trips and are billing appropriately.<sup>20</sup> The amount a broker receives is determined by the CTAC (described below) in negotiations with each regional broker. The HSTD also maintains an 800 customer satisfaction telephone number, a state and regional complaint tracking system, and monthly rider and telephone surveys.<sup>21</sup> As NEMT costs have risen, Kentucky's coordinated system has slowed this increase, even as the demand for rides has skyrocketed. In 1997 the NEMT cost per trip was \$29.03 and in 2000 it was \$19.67.<sup>22</sup> According to the Transit Cooperative Research Program (TCRP), if Kentucky was to provide the same number of trips it did in 2000 at the 1997 prices using the old voucher system, it would have cost the state \$70 million.<sup>23</sup> By coordinating NEMT and human service transportation the state

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<sup>14</sup> *Ibid.* The investigation cites the fact that if left alone the NEMT program could have grown from \$23.1 million in 1996 to more than \$69 million in 2002; however as of 2004 the cost of NEMT was \$48.8 million.

<sup>15</sup> *Ibid.*, 8.

<sup>16</sup> *Ibid.*, 11.

<sup>17</sup> *Ibid.*, 7; and Ky. Rev. Stat. §281.877 (2010).

<sup>18</sup> *TCRP Report No. 91.*, 79.

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*, 13.

<sup>21</sup> The HSTD calls 100 random riders per month and drivers hand out surveys to riders who then can either hand them back to the driver or mail them in to the HSTD.

<sup>22</sup> *Ibid.*, 82.

<sup>23</sup> *Ibid.*, 81

saved \$22.4 million.<sup>24</sup> The TRCP's *Economic Benefits of Coordinating Human Service Transportation and Transit Services* hypothesized several explanations for the reduction:<sup>25</sup>

- The voucher system paid providers on a fee-for-service system, which tied each transportation provider's livelihood to how many trips and miles they reported. This gave each transportation provider an incentive to report as many trips as possible. Conversely, the capitated system pays the broker a flat rate; therefore the more miles and trips are reported the less is made. Brokers then have the incentive to monitor providers to ensure they are billing appropriately and not providing poor service or denying trips.
- The voucher system is susceptible to fraud and abuse. For example, "[i]n one county, every single passenger transported was classified as 'disoriented,' which meant that the Medicaid reimbursement was paid at a rate that was nearly 10 times higher."
- The brokerage is easier and less expensive to operate. The voucher system required 55 full-time employees to administer more than 1 million vouchers each year and a great deal of oversight, audits and investigations. The brokerage system requires less paperwork, investigations, but additional oversight to ensure service quality and passenger satisfaction.

One of Kentucky's recent success stories is the Paducah Area Transit Systems (PATS), which was awarded \$1.5 million grant as a part of the Federal Transit Administration's Mobility Services for All Americans (MSAA) program. The program "was designed to enhance customer access to replicable and scaleable Travel Management Coordination Centers (TMCC) that would provide customers with access to transportation information and services."<sup>26</sup> Its goal is to diminish "redundancy and establish a replicable model that shows how providers and agencies can utilize Intelligent Transportation Systems (ITS) to address the rising costs and needs of all riders, but especially those with special transportation challenges, whether it be disability, age or rural barriers."<sup>27</sup>

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<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> U.S. Department of Transportation, Federal Transit Administration, *Demonstration of Enhanced Human Service Transportation Models: Phase 1 - System Development and Design* (Washington D.C.: Federal Transit Administration, 2006), 5.

<sup>27</sup> Caroline March-Long, *RouteMatch Software Chosen Lead Technology Vendor for All Selected US DOT Demonstration Sites Building Coordinated Human Service and Public Transportation Systems* (Atlanta: RouteMatch, 2009), 3.

PATS provides coordinated human service and public transit services for around 200 organizations in McCracken County and in the City of Paducah.<sup>28</sup> With the cooperation of human service agencies, community organizations, riders, and transportation providers, PATS implemented a TMCC to serve as a single point of access for transportation, human service, and community information and referral services through the telephone, internet and walk-in services.<sup>29</sup> To support its operations for the TMCC, PATS is using ITS advanced technologies, which are crucial to provide accurate information to users in person, on the telephone or through the internet.<sup>30</sup> ITS technologies enable the concept of “one-stop shop” to provide simplified access to transportation and human service information in real time.<sup>31</sup> PATS uses ITS technologies such as rideshare matching, integrated billing, electronic fare payment, automatic passenger counting, automatic vehicle location, mobile data terminals (kiosks at major trip generator locations), traveler information ( through the use of the 511 telephone number), computer aided dispatch, internet websites, and Interactive Voice Recognition for customers calling to schedule rides after hours.<sup>32</sup>

## Authority

The Coordinated Transportation Advisory Committee (CTAC) is codified in section 281.870 of the Kentucky Revised Statutes and is composed of “members of the (transportation) cabinet, the Cabinet for Health and Family Services, and the Education and Workforce Development Cabinet.”<sup>33</sup> The committee is required to meet at least once a month and oversees progress of statewide coordination, program issues and policy. The Kentucky Office of Transportation Delivery is required to provide administrative support, and the office’s executive director is required to set the committee’s agenda for each meeting.<sup>34</sup> The committee is also required to employ program coordinators to “investigate all complaints regarding recipients,

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<sup>28</sup> *Demonstration of Enhanced Transportation Models.*, 10.

<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*

<sup>31</sup> *Purchase Area Transportation Coordination Center*, <http://www.paducahtransit.com/MSAA.html> (last visited June 29, 2010).

<sup>32</sup> Bjarne Hansen, “MSAA Community Update, May 2009” (presentation, Community Update), [http://www.paducahtransit.com/MSAA\\_TMCC\\_Community\\_Update.ppt](http://www.paducahtransit.com/MSAA_TMCC_Community_Update.ppt).

<sup>33</sup> Ky. Rev. Stat. §281.870 (2010).

<sup>34</sup> *Ibid.* The Kentucky Office of Transportation Delivery is “responsible for seeking grant funds; the oversight and implementation of various statewide public transit grants; and coordinates human service transportation such as non-emergency medical transportation.” <http://transportation.ky.gov/transportationdelivery/>. The Office’s Executive Director is Vickie Bourne and can be reached at (502) 564-2058, [vicki.bourne@ky.gov](mailto:vicki.bourne@ky.gov).

subcontractors, and the broker for the area and attempt to immediately resolve the problem.”<sup>35</sup>

The Executive Quality Management Committee (EQMC) consists of the Office of Transportation Delivery, the Department of Medicaid Services and the Department of Workforce. It develops, implements and maintains written policies and procedures consistent with Medicaid requirements and provides a better understanding of the necessary functions to run the NEMT program. The committee meets monthly and takes any issues it develops to the CTAC, and is not open to the public.

### **Funding**

The Transportation Cabinet can accept and direct federal funds to entities that promote coordination. Kentucky law allows the Cabinet to contract with a broker to provide human service transportation delivery in one of the 15 regions of the state.<sup>36</sup> The state also has a Transportation Development Fund which requires all funds in the account to be used for “public transportation capital and operating subsidies, public transportation development, or administrative costs incidental to these developments.”<sup>37</sup> The account is funded by “money received from the United States or from any other source for the purpose of providing public transportation capital and operating subsidies and public transportation development funds.”<sup>38</sup>

### **Results**

In 2004 the Kentucky Legislative Research Commission issued a report containing ten recommendations they thought would help deal with the problems they observed while auditing the HSTD. The recommendations called for things such as a reduction in the number of the brokerage regions, a redesign of the rider satisfaction surveys, additional broker accountability, an analysis to determine if the freedom of choice is being abused and consultation with other states to promulgate ideas to save the capitated system additional funds.<sup>39</sup> In response to the report, HSTD streamlined the way they conduct rider surveys (see above for description), required brokers to submit accurate encounter data before being paid, compare broker financial statements to their encounter data to ensure accuracy and keep a close eye on freedom of choice trips. The only thing that the HSTD did not do was to reduce the number of brokerage regions.

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<sup>35</sup> Ky. Rev. Stat. §281.872 (2010).

<sup>36</sup> Ky. Rev. Stat. §96A.095 (2010).

<sup>37</sup> Ky. Rev. Stat. §96A.096 (2010).

<sup>38</sup> Ibid.

<sup>39</sup> *Human Service Transportation Delivery*, ix.

Since its inception, Kentucky's program has been very well received by all stakeholders according to Jeremy Thompson, the Branch Manager for the HSTD program. Thompson, said that it has eliminated almost all fraud and abuse, created more safety requirements for drivers, and lowered Medicaid transportation costs immensely.<sup>40</sup> For example Thompson stated that before the HSTD program was initiated, costs for NEMT were projected to be \$62 million by 2002, yet with the program in place the cost of NEMT for the 2010 fiscal year was \$60 million.<sup>41</sup> According to the TCRP if only 10 states were to implement a program similar to Kentucky's, Medicaid savings could reach \$100 million per year.<sup>42</sup>

*Acknowledgements: NCSL gratefully acknowledges funding support from the Federal Transit Administration and the Department of Labor that make this report possible.*

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<sup>40</sup> Jeremy Thompson, Branch Manager of the HSTD program, telephone conversation with author, June 23, 2010.

<sup>41</sup> Ibid.

<sup>42</sup> TCRP Report No. 91., 119.