

Minnesota Transit Funding Primer

Prepared for:
Minnesota Council on Transportation Access

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Introduction

In the state of Minnesota, state and federal funding for public transit systems is administered by a number of different agencies, with coordination efforts encouraged by the Minnesota Council on Transportation Access (MCOTA). The Minnesota Legislature established MCOTA in 2010. MCOTA was established in order to “study, evaluate, oversee, and make recommendations to improve the coordination, availability, accessibility, efficiency, cost-effectiveness, and safety of transportation services provided to transit public¹”. MCOTA is tasked with duties related to the following key areas: vehicle and client sharing, cost sharing and purchasing, communication and coordinated planning, reporting and evaluation, and research and demonstration².

This MCOTA Research Project is aimed at providing an inventory of the transportation funding programs available from the federal and state government in Minnesota, including funding levels and details about the administration of each program. The goal is to identify opportunities for coordination.

What is Human Services transportation (community-based transportation)?

Human Services transportation includes broad range of transportation services for transportation-disadvantaged population; primarily persons with disabilities, veterans, seniors, low-income individuals, and children. Since Human Service transportation is not centrally coordinated in Minnesota, the goal of this report is to more fully understand all sources that fund this service. As stated on MCOTA's website, "While there have been significant investments in transit at the federal, state, and local levels, serious gaps in service exist in many communities. Unfortunately, a multitude of funding programs and requirements across dozens of departments and agencies make transportation coordination and communication a daunting task."

What are the purposes of Human Services transportation?

In order to support and increase transportation options for transportation-disadvantaged people, funding would be allocated to different organizations with various transportation purposes. Transportation-disadvantaged people have different needs and require a variety of transportation services with different trip purposes. Based on the survey results, most trip purposes would be as following:

- Health/medical (e.g., single or periodic trips to doctor, clinic, drug store, treatment center)
- Health maintenance (e.g., dialysis or other recurring and frequent trips that require regular transport)
- Nutrition
- Income maintenance (e.g., trips to food stamp or social security office)
- Social trip (e.g., visit to friends/relatives)
- Recreation (e.g., trip to cultural or athletic events)
- Education/ training
- Employment (e.g., trips to work, including job interviews. welfare-to-work trips)
- Social services (e.g., trips to meet with counselors, social workers, and other staff related to the receipt of social services)
- K-12 education (school children)

What types of organizations are eligible to receive funding for Human Services transportation?

Organization that might be eligible to receive funding for their transportation services to transportation-disadvantaged people could fall in different categories. Primarily there are public transportation operator, human services agencies, private for profit or private nonprofit organizations.

Who are the Federal and State Agencies funding Human Services transportation?

The following agencies are involved in funding transit in Minnesota.

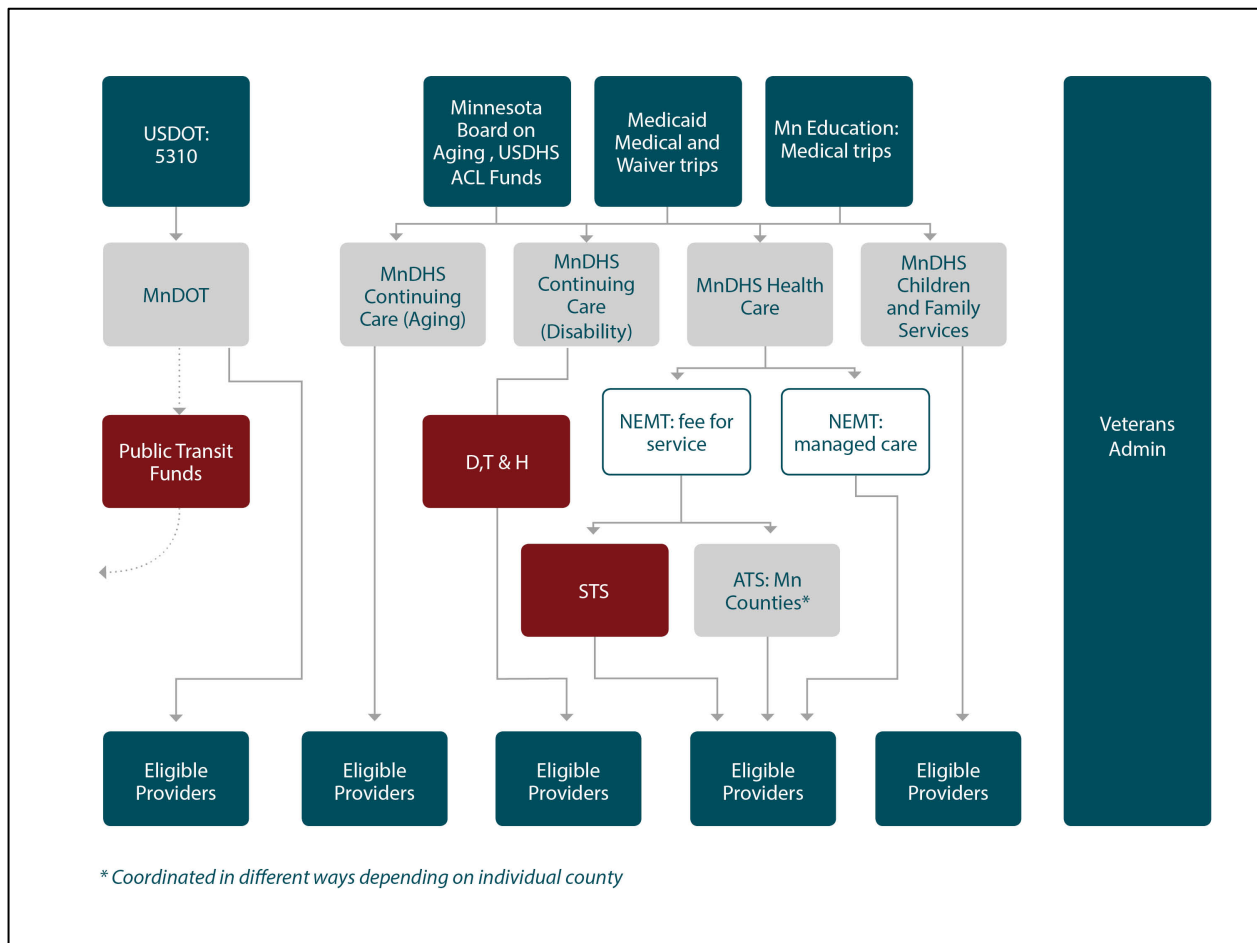


Figure 1: Agencies involved in funding transit in Minnesota.

United States Department of Transportation

The mission of the United States Department of Transportation is to “serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future.”³

MAP-21

Section 5310 formula grants for the enhanced mobility of elderly individuals and individuals with disabilities. MAP-21 consolidated the Section 5317 New Freedom program (a formula-based federally-funded program established under SAFETEA-LU. The goal of the New Freedom grant program is to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the workforce and full participation in society) into the Section 5310 program.

Section 5310 Elderly Individuals and Individuals with Disabilities Program (a capital program as a part of the amended Federal Transit Act of 1991, that provides grant funds for the purchase of accessible vehicles and related support equipment for private non-profit organization to serve elderly and/or disabled people, public bodies that coordinate services for elderly and disabled, or any public body that certifies to the state that non-profits in the area are not readily available to carry out the services) provides capital and operating assistance grants for organizations that serve elderly and/or persons with disabilities. Section 5310 funding is approximately \$2,483,572.

Section 5310 pays for vehicles and other capital equipment for elderly individuals and individuals with disabilities. After the consolidation of Section 5317 New Freedom program, Section 5310 allows for additional funds used to provide transportation for low-income individuals.

Minnesota Department of Transportation

The mission of the Minnesota Department of Transportation is to “plan, build, operate and maintain a safe, accessible, efficient and reliable multimodal transportation system that connects people to destinations and markets throughout the state, regionally and around the world”⁴. “In creating the Department of Transportation in 1976, the Legislature determined that the Minnesota Department of Transportation would be the principal agency to develop, implement, administer, consolidate and coordinate state transportation policies, plans and programs”⁵.

The Minnesota Department of Transportation allocates funding to both public transit and to eligible providers that provide services to individuals covered under the United States Department of Transportation 5310 funding programs.

State funding for public transit is appropriated from the general fund and from a percentage of motor vehicle sales tax revenue. For Greater Minnesota Transit, the public transit assistance general fund is \$16,451,000 in 2014. The Twin Cities Metro Area Transit public transit assistance general fund was \$107,889,000 in 2014.

The Minnesota Department of Transportation “disburses funds for Greater Minnesota transit through the Public Transit Participation Program”⁶. State law requires local participation in funding public transit services in Greater Minnesota. A statutory fixed share funding formula sets a local share of operating costs by system classification as follows: elderly and disabled 15%, rural 15%, small urban 20%, and urbanized 20%⁷.

United States Department of Health and Human Services

The United States Department of Health and Human Services is the government’s “principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves”⁸. The United States Department of Health and Human Services is responsible for approximately 25 percent of all federal outlays and administers the largest amount of grant money in comparison to all other federal agencies⁹.

Administration for Community Living

The United States Department of Health and Human Services’ Administration for Community Living. The mission of the Administration for Community Living is to maximize the independence, well-being, and health of older adults, people with disabilities across the lifespan, and their families and caregivers.

The Administration for Community Living “brings together the efforts and achievements of the Administration on Aging, the Administration on Intellectual and Developmental Disabilities, and the Health and Human Services Office on Disability to serve as the Federal agency responsible for increasing access to community supports, while focusing attention and resources on the unique needs of older Americans and people with disabilities across the lifespan”¹⁰.

Minnesota Board on Aging

The Minnesota Board on Aging is the “gateway to services for Minnesota seniors and their families”¹¹. The Minnesota Board on Aging allocates funding that is established by the Older Americans Act. The Older Americans Act authorizes “grants to states for community planning, services, research, and demonstration and training projects in the field of aging”. The Older Americans Act also provides grants for local needs identification, planning and funding of services¹².

The Minnesota Board on Aging distributes money to the 7 Minnesota Area Agencies on Aging that award the money to partners at the local level.

Minnesota Department of Human Services

The Minnesota Department of Human Services “helps people meet their basic needs so that they can live in dignity and achieve their highest potential”¹³. The Minnesota Department of Human Services oversees Continuing Care for both aging and disability. The Minnesota Department of Human Services also oversees health care and children and family services.

Continuing Care

The Continuing Care Administration of the Minnesota Department of Human Services’ goals are to: “support and enhance the quality of life for older people and people with disabilities, manage an equitable and sustainable long-term care system that maximizes value, continuously improve how we administer services, promote professional excellence and engagement in their work”¹⁴.

For the aging and the disabled, Continuing Care distributes its funds directly to eligible providers.

Medicaid Medical Trips

Medicaid Waiver Trips

Medicaid waivers are “vehicles states can use to test new or existing ways to deliver and pay for health care services in Medicaid¹⁵”.

The Disability Services division oversees four Medicaid disability waivers. Medicaid disability waivers include: BI Waiver-Brain Injury Waiver for people with a brain injury who would otherwise need neuro-behavioral hospital care or a specialized nursing facility care, CAC Waiver- Community Alternative Care for medically fragile people who otherwise would need hospital care, CADI Waiver- Community Alternatives for Disabled Individuals Waiver for people with a disability that would need nursing facility care, DD Waiver- Developmental Disability Waiver for people with a developmental disability for people who would otherwise need an intermediate care facility level of care.

The Aging and Adult Services Division oversees elderly waiver (a Medicaid waiver) which extends transportation for fee-for-service expenditures. The Aging and Adult Services also oversees alternative care which extends transportation for fee-for-services expenditures.

Section 1115 Research and Demonstration Projects waivers are waivers that Minnesota can apply for program flexibility to test new or existing approaches to financing and delivering Medicaid. Section 1915(b) Managed Care Waivers are waivers that Minnesota can apply for waivers to provide services through managed care delivery systems or otherwise limit people’s choice of providers. Section 1915(c) Home and Community-Based Services Waivers are waivers that Minnesota can apply for waivers to provide long-term care services in home and community settings rather than institutional settings. Concurrent Section 1915(b) and 1915(c) Waivers are waivers that Minnesota can apply to simultaneously implement two types of waivers to provide a continuum of services to the elderly and people with disabilities, as long as all Federal requirements for both programs are met¹⁶.

Medicaid Waiver trips allocate funding to both the Continuing Care for those with disabilities and to Health Care.

Health Care

Minnesota Department of Human Services’ Health Care programs include medical assistance, MinnesotaCare, Minnesota Family Planning Program, Home and community-based waiver programs, and Medicare Savings programs. These programs may help pay for all or part of health care costs for those who do not have insurance, cannot get affordable health insurance through a job, have a disability or chronic condition and need assistance paying for care and services to stay in one’s home, need help paying for care in a nursing home, hospital or other medical facility, have other insurance or Medicare but need help paying the premiums, deductibles and copays or need services not covered¹⁷. Minnesota Health Care allocates funding to both NEMT fee for service and managed care.

NEMT

Non-Emergency Medical Transportation refers to non-emergency transportation services provided to Medicaid recipients so they can obtain covered medical services from health care providers outside their home. The type of Non-Emergency Medical Transportation assistance generally covers the cost of transportation and other costs associated with travelling to health service providers, such as meals and overnight accommodations.

In Minnesota, Non-Emergency Medical Transportation services are provided through the state's MA program. About two-thirds of MA recipients in Minnesota are enrolled in managed healthcare plans (Managed MA) and generally receive NEMT through these plans. The balance of recipients are covered by a fee-for service system operated by the Department of Human Services.

Non-Emergency Medical Transportation fee-for service allocates funding through Minnesota Counties, which then provide funding to eligible providers.

Non-Emergency Medical Transportation managed care allocates funding directly to eligible providers.

Counties

Counties report their social services expenditures to Minnesota Department of Human Services through the quarterly Social Services Expenditure and Grant Reconciliation Report.

Minnesota Education

School districts in Minnesota receive general education basic revenue in which there is an amount earmarked for transportation. In addition, districts receive state funding for certain situations including special education transportation and homelessness.

The Minnesota Department of Human Services administers the claims that school districts make for reimbursement for transporting students to medical assistance programs.

Children and Family Services

The Minnesota Department of Human Services' Children and Family Services allocates funding directly to eligible providers.

Veterans Administration

The United States Department of Transportation awarded \$1.19 million to Minnesota Department of Transportation under a Veterans Transportation and Community Living Initiative discretionary grant in late 2011. Using these funds, Minnesota Department of Transportation, Minnesota Department of Veterans Affairs, Minnesota Board on Aging, and Minnesota Department of Human Services are partnering to enhance the existing MinnesotaHelp Network, a virtual call center and website that facilitates referrals among human service agencies using a common communications platform. This project will extend this technology to transportation providers and veterans' organizations that provide rides to veterans, enabling these partners to easily refer customers to other agencies in the network or to call center staff who can provide customers individual assistance.

Although the Minnesota Department of Veterans Affairs is collaborating with other agencies through MinnesotaHelp Network, the Minnesota Department of Veterans Affairs has generally separated its services to vulnerable adults from the services of other non-Veteran individuals. The existence of the Minnesota Department of Veterans Affairs separate statutory chapter and language regarding vulnerable adults supports the Minnesota Department of Veterans Affairs' commonly practiced risk-averse policies and actions related to vulnerable adults in the transportation provided solely to vulnerable adults with Veteran status.

Federal Funding

5310 (elderly persons and person with disabilities)	\$2,483,572
5316 (job access)	\$1,920,463
Veteran Transportation	\$1,100,000
Older American Act Title III	\$1,000,000

Others

Medical Assistance (including NEMT)	\$31,900,000 (including 22 million for disability waiver programs and 9.9 million for extended transportation)
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Total: \$38 M

Funding based on recipients

Persons with disabilities	\$40,700,000
Veterans	\$440,000
Seniors	\$18,200,000
Low-income	\$17,600,000
Children	\$8,800,000

Total: \$85.7M

Possible Changes

The wide variety of funding streams, funders and operators described above lends itself to a discussion of potential methods for simplification. Consistent with the overall goals of MCOTA, this report suggests two possible options. Specific areas to be addressed include:

- Reduced specialization of funding for specific trip types, to encourage resource sharing and collaboration among providers
- Reduce resulting appearances of trip redundancies
- Provide a simplified method for arranging trips.

Option 1: Operationalize MCOTA

This option differs from the current setting by providing a role for MCOTA in the processing of Human Services Transportation funds. Rather than having funds from the differing sources flow directly to specific providers, which, as a result, tailor their services to the needs of that funder, the funds flow to MCOTA, which then allocates them to the providers based upon the level of service provided. Ultimately, this might result in a more uniform invoicing system that would allow providers to focus on providing rides to those that need them, regardless of the funding source covering the cost.

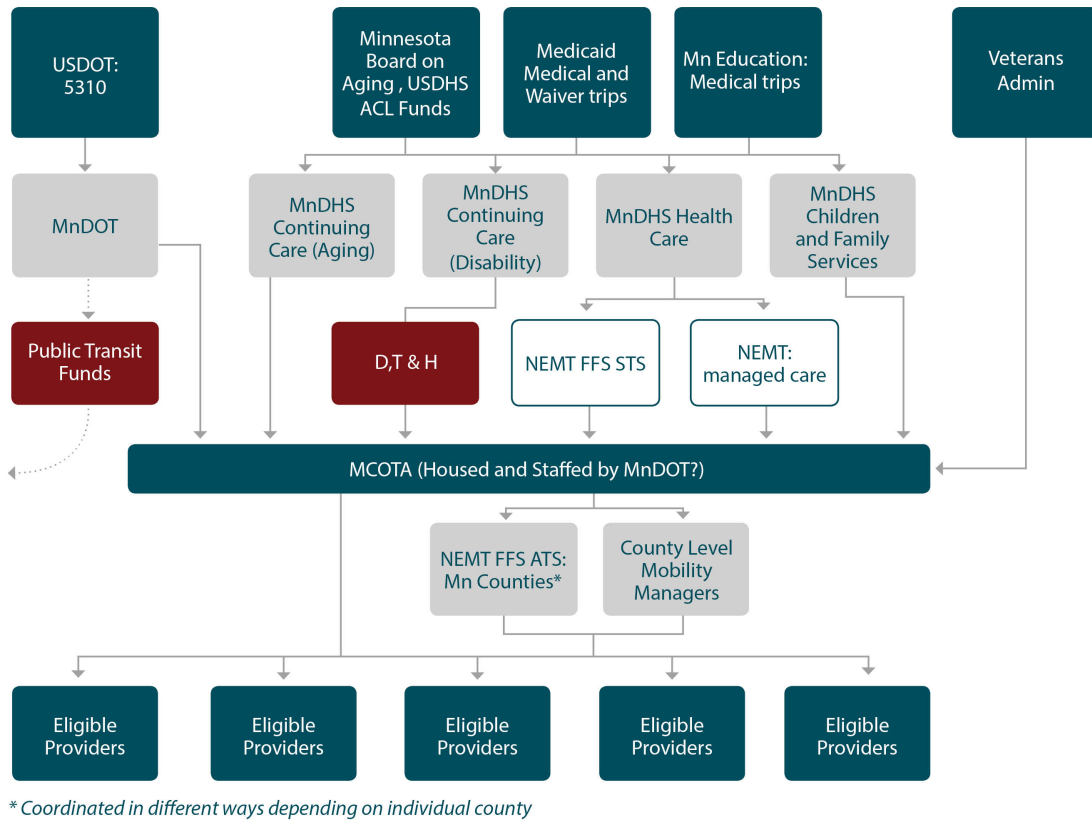


Figure 2: Illustration of funding flows through an operationalized MCOTA

Option 2: Operationalize MCOTA and Develop Regional Collaboratives

This option builds on the first option by creating Collaboratives at the regional level. The purpose of these Collaboratives would be to provide technical and operational assistance to facilitate coordination among providers. While MCOTA serves to simplify the invoicing and payment systems, the Collaboratives would work with the local providers to find operational efficiencies and coordination opportunities across their clients. Fully developed, clients would contact the regional collaborative, who would then set up the ride and initiate the billing sequence through MCOTA. While this ideally should drive down operational costs, the primary beneficiary is the client, who now is able to make one call for any number of potential rides, rather than needing to understand which provider can give them a ride for a specific purpose.

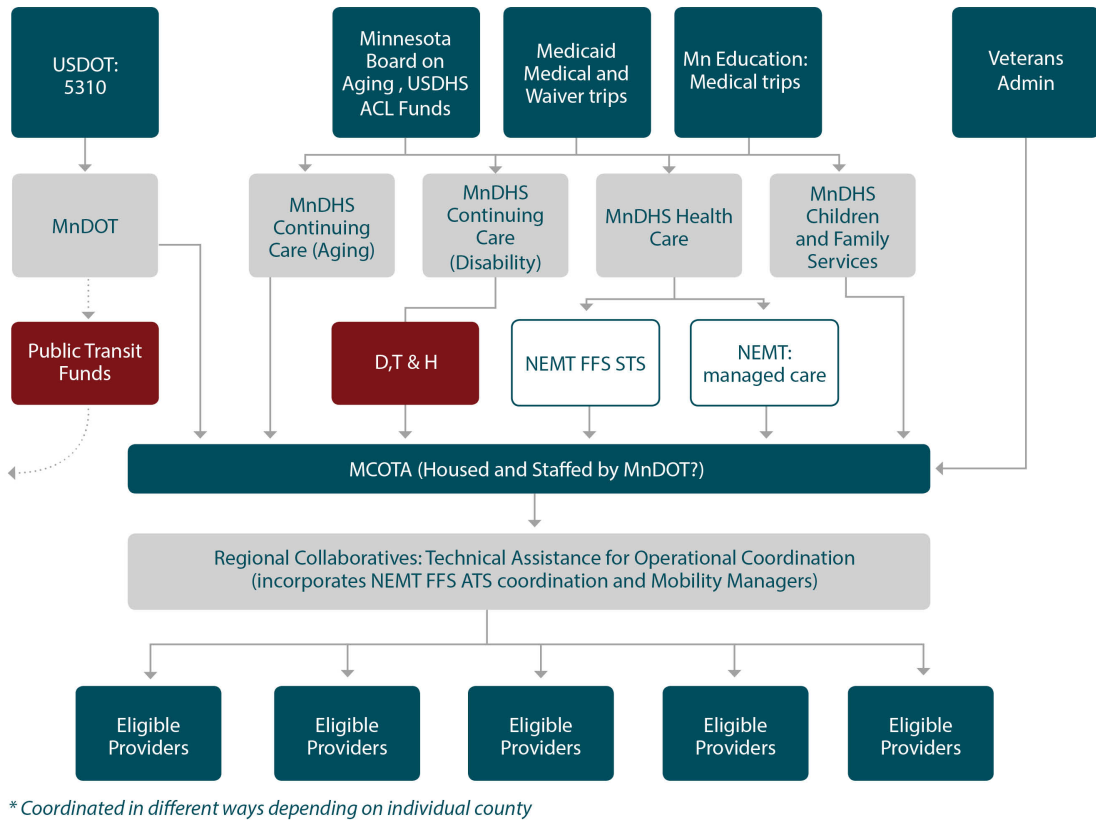


Figure 3: Illustration of funding flows through an operationalized MCOTA and Regional Collaboratives

Summary of Strengths and Weaknesses of Existing and Proposed Funding Scenarios for Human Services Transit in Minnesota

Figure 1: Existing Scenario:

Strengths:

- Transparent funding streams
- Funders and providers have developed expertise in providing particular service
- Liability concerns addressed

Weaknesses:

- Specialization to specific types of funding discourages resource sharing and collaboration
- Services appear redundant without funding context
- Wide variety of services, requirements and processes can confuse clients

Figure 2: Proposal to Operationalize MCOTA

Strengths:

- Providers focus on providing rides - MCOTA handles linking rides to proper funding stream
- Uniform invoicing reimbursement and insurance system provided by MCOTA encourages sharing of rides
- Operational Systems remain as they are

Weaknesses:

- Myriad providers continue to exist – system still not simple for clients
- Need to develop method for MCOTA to properly and efficiently handle distributing funds to providers

Figure 3: Proposal to Operationalize MCOTA and Develop Regional Collaboratives

Strengths:

- Providers appear interchangeable to clients
- Rides and other operations coordinated at regional level
- Funding and reimbursements coordinated at MCOTA

Weaknesses:

- Greatest change to existing process
- Processes at regional and state level need to be efficient and transparent to providers and overseers.

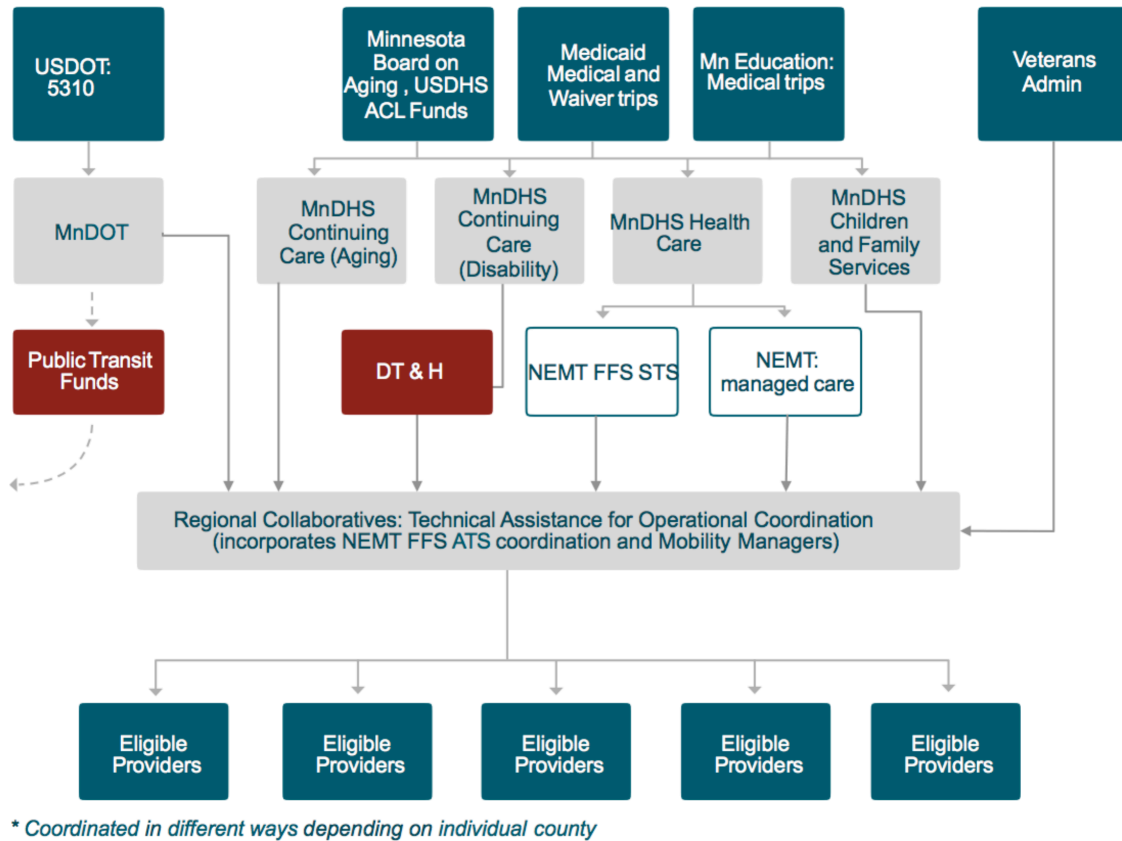


Figure 4: Illustration of funding flows through Regional Collaboratives

¹ <http://www.coordinatemntransit.org/MCOTA/>
² http://www.coordinatemntransit.org/MCOTA/documents/MCOTA_Overview_Jun2011.pdf
³ http://www.coordinatemntransit.org/MCOTA/documents/MCOTA_Overview_Jun2011.pdf
⁴ <http://www.dot.gov/mission/about-us>.
⁵ <http://www.dot.state.mn.us/vision/>
⁶ Minn. Stat. Ch. 174.
⁷ 2013 MnDOT transit report.
⁸ <http://www.hhs.gov/about/>
⁹ <http://www.hhs.gov/about/>
¹⁰ http://www.acl.gov/About_ACL/Index.aspx
¹¹ <http://www.mnaging.net/en/About%20Us/WhoWeAre.aspx>
¹² <http://mn4a.org/policymakers/policies-that-matter/>
¹³ <http://mn.gov/dhs/about-dhs/mission-and-values.jsp>
¹⁴

http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_166609

¹⁵ <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html>

¹⁶ <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html>.

¹⁷ http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_136855