



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

Room 029 State Capitol, Denver, CO 80203-1784  
Phone: (303) 866-3521 • Fax: (303) 866-3855  
lcs.ga@state.co.us • leg.colorado.gov/lcs

## Memorandum

April 8, 2022

**TO:** Interested Persons

**FROM:** Jean Billingsley, Senior Research Analyst, 303-866-2357

**SUBJECT:** Colorado Medicaid Non-Emergent Medical Transportation,  
August 2021 Performance Audit Technical Recommendations

### Summary

This memorandum provides a summary of Medicaid non-emergent medical transportation (NEMT) services and the technical recommendations in the [Colorado Office of the State Auditor \(OSA\)'s August 2021 performance audit of the Colorado Medicaid NEMT](#). This audit shows, plus other findings at state and federal organizations, a need for improvements in NEMT, and in some cases, legislation and rules leveraging technological innovations.

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### Background

The Centers for Medicare and Medicaid Services (CMS), under [Title XIX of the Federal Social Security Act](#), requires non-emergent transportation to health care visits for Medicaid eligible individuals.<sup>1</sup> The obligation for states to provide NEMT was initially an administrative Medicaid requirement.<sup>2</sup> Then, in December 2020, Congress added a legal requirement for states to provide NEMT through the Consolidated Appropriations Act of 2021 ([P.L. 116-260](#)).

<sup>1</sup>"Let Medicaid Give You a Ride", Centers for Medicare and Medicaid, pg.1, [Let Medicaid Give You a Ride \(cms.gov\)](#), last accessed on March 18, 2022.

<sup>2</sup>Chapter 5: Mandated Report on Non-Emergency Medical Transportation – Report to Congress on Medicaid and CHIP", MACPAC, pp.155, [Chapter 5 Mandated Report on Non-Emergency Medical Transportation \(macpac.gov\)](#), last accessed on March 25, 2022.

Federal regulation [42 CFR 431.53](#) mandates that each state create its own NEMT plan to ensure transportation for Medicaid beneficiaries. In its 2012 report, the U.S. Government of Accountability Office reported that:

*“state and local governments face several challenges in coordinating these services, including insufficient federal leadership, changes to state legislation and policies that may hamper coordination efforts, and limited financial resources in the face of growing disadvantaged populations.”<sup>3</sup>*

In Colorado, NEMT is administered by Colorado Department of Health Care Policy and Financing (HCPF) for eligible low-income adults and families enrolled in the Health First Colorado, Colorado’s Medicaid program. As such, HCPF is the payer of NEMT transportation claims. According to HCPF, claims are submitted by medical providers, counties, mileage reimbursement, and HCPF’s transportation broker, IntelliRide. HCPF also manages other NEMT transportation services, such as out-of-state transportation services, trip-related meals and lodging, and air ambulance travel.

## **NEMT Technology**

Improvements in technology may assist in reducing NEMT challenges. According to the Medicaid and CHIP Payment and Access Commission’s [2021 report](#) to Congress, states are using technology like GPS and electronic scheduling. In 2015, Congress stipulated development of cost allocation technology to account for disparate federal reporting requirements and maintain separation of funding sources by NEMT trip ([Pub. L. No. 114-94](#)).

Some states have enacted legislation and rules to address NEMT technological innovations and NEMT reporting requirements (see Appendix A). Additionally, coordination with public transportation providers and rideshare services, who may also use transportation technology, may reduce unnecessary redundancies in service, decrease operating costs, and improve quality of services. Appendix B summarizes usage of public transportation, rideshare service, and partnerships to provide NEMT services.

**Colorado NEMT technical systems.** Colorado’s NEMT program uses the following systems:

- **Colorado Benefits Management System (CBMS)** to process Medicaid applications and determine eligibility;
- **Colorado interChange** is the Colorado Medicaid management information system (MMIS), which integrates with CBMS to check Medicaid eligibility, and then processes Medicaid claims and reimbursements, such as NEMT;
- **Genesys** is IntelliRide’s database to track telephone calls to schedule and verify a trip, along with features for after-hours, Spanish option, and prioritization for hospitals to schedule a ride;

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<sup>3</sup>“Transportation Disadvantaged Populations: Federal Coordination Efforts Could Be Further Strengthened”, U.S. General Accountability Office, GAO-12-647, Washington, D.C., Feb. 28, 2012.

- **EcoLane** is IntelliRide’s ride tracking system;
- **Microsoft Excel** is used by IntelliRide to maintain accounting records of payments it makes to NEMT transportation providers, and another Excel spreadsheet is used to track customer complaints received by telephone, email, mail, and IntelliRide’s website chat function; and
- **Various systems** used by Medicaid providers and counties to process NEMT transactions, such as managing a NEMT ride request, submitting NEMT claims to HCPF, and receiving a HCPF NEMT reimbursement.

Colorado’s interChange system, which is currently maintained by HCPF and Gainwell Technologies, LLC, consists of various MMIS modules, including Medicaid NEMT claims processing and payments.<sup>4</sup> To improve the existing interChange system, HCPF plans to begin a solicitation in April 2022 to partner with a vendor(s).<sup>5</sup>

## Colorado NEMT Funding

The OSA audit explains that the Medicaid federal matching rate for Colorado’s NEMT benefit is 50 percent. Table 1 below shows the program’s expenditures for FY 2018-19 through FY 2020-21. In FY 2019-20, cash fund contributions, which are primarily from the Healthcare Affordability and Sustainability Cash Fund, were 31 percent of the total NEMT expenditure. However, cash fund contributions decreased to 7 percent in 2019, and 16 percent in 2021; thereby, causing the General Fund contribution to increase during these years.

**Table 1**  
**NEMT Claims Expenditures by Fund Source**  
*FY 2018-19 through FY 2020-21\**

<b>Fund Source</b>	<b>FY 2018- 19</b>	<b>FY 2019-20</b>	<b>FY 2020-2021*</b>
Federal Funds	\$24,830,700	\$25,710,900	\$28,520,700
General Fund	21,514,700**	9,459,400	19,122,600
Cash Funds***	3,274,000**	16,163,300	9,397,200
<b>Total</b>	<b>\$49,619,400</b>	<b>\$51,333,600</b>	<b>\$57,040,500</b>

Source: [Office of the State Auditor analysis of department expenditure data for NEMT](#).

\* Expenditures are to date as of June 30, 2021, unaudited, and rounded to nearest 100.

\*\* In Fiscal Year 2018, the Department’s accounting system recorded some revenues and expenditures under the incorrect fund sources, and the Department corrected the system errors and recording in Fiscal Year 2019, making the recorded General Fund expenditures higher and Cash Funds expenditures lower in Fiscal Year 2019 compared to other years.

\*\*\*Cash funds are primarily from the Healthcare Affordability and Sustainability Cash Fund, but include some funding from the Breast and Cervical Cancer Program Cash Fund and Old Age Pension Cash Fund.

<sup>4</sup>“Medicaid Management Information System”, Colorado Department of Health Care Policy and Financing, [Medicaid Management Information System \(MMIS\) | Colorado Department of Health Care Policy & Financing](#), last accessed on March 21, 2022.

<sup>5</sup>“Medicaid Enterprise Solutions Procurement Strategy Overview” Colorado Department of Health Care Policy and Financing, February 25, 2022, <https://hcpf.colorado.gov/sites/hcpf/files/MES%20Concept%20of%20Operations%20presentation.pdf>, last accessed on March 21, 2022.

## OSA Performance Audit

The recent OSA audit found that between July 2020 and February 2021, HCPF paid \$291,600 for NEMT claims that did not comply with Medicaid requirements, and \$5.18 million for claims that are potentially noncompliant. The audit explains that since Medicaid is a federal-state funded program, the federal government could require the state to repay one-half of the noncompliant payments. HCPF’s audit response explains that it “will work with the department’s Program Integrity staff on processes to investigate and recover, as appropriate, the overpayments and inappropriate payments that the audit identified as known or likely questioned costs, and repay the federal portion.” OSA plans to obtain a detailed status update of each audit finding from HCPF in the summer of 2022.

The audit further describes several technical recommendations to remedy the audit’s findings. Table 2 lists the findings and recommendations that require changes in the HCPF interChange system, other technical solutions, or process improvements involving applicable technology.

**Table 2**  
**OSA Audit Findings Related to Technology**

Audit Finding Title	Finding Description	Department Response
Lack of IT controls to prevent providers from bypassing the broker	From December 2020 through February 2021, HCPF paid NEMT providers directly for unsupported NEMT trips because the department did not have IT controls in interChange to deny claims for trips that were not brokered through IntelliRide.	HCPF will reconfigure interChange to prevent non-brokered claims within IntelliRide’s service area; however, interChange will still allow providers outside of IntelliRide’s service area to submit a claim.
Lack of IT and other controls to ensure proper payments for NEMT taxi services	interChange is programmed to pay each NEMT taxi claim based on one-way trips, but HCPF has not implemented an IT control to ensure that NEMT taxi claims are paid at the providers’ current approved per-mile rates. During the audit, interChange limited taxi claims payments to not exceed \$1,000 per one-way trip. To accurately pay NEMT taxi claims, technical and process improvements must ensure taxi providers are paid based on approved rates, and to ensure that each taxi provider is permitted.	HCPF is considering systematically pricing the code at each taxi provider’s specific Public Utilities Commission rate. This change will require a system change request, which will take a year or more. If this proves infeasible, alternate controls will be implemented.
Lack of IT controls to ensure required prior authorizations	Air ambulance services were paid without HCPF’s prior authorization for services because HCPF does not have IT controls to ensure prior authorization before payment. If IT controls are not possible, HCPF will need to develop manual processes to ensure required authorization prior to paying these claims.	HCPF will implement a manual review for NEMT claims that require prior authorization while determining if a system change is needed. Prior authorizations are not typically needed for any in-state NEMT, but are required for: <ul style="list-style-type: none"> <li>• out-of-state travel, except the border towns identified in rule<sup>6</sup></li> <li>• air travel, both commercial air and air ambulance;</li> <li>• train travel via commercial railway; and</li> <li>• an escort.</li> </ul>

<sup>6</sup> [Rule number MSB 21-03-24-C, section 8.014.7.C.2](#)

**Table 2 (Cont.)  
OSA Audit Findings Related to Technology**

<b>Audit Finding Title</b>	<b>Finding Description</b>	<b>Department Response</b>
Lack of a method to ensure NEMT service claims are for medical treatment	HCPF does not conduct any reconciliation of records in interChange for each NEMT claim compared to Medicaid medical claims to ensure NEMT claims are only paid for recipients who access medical care. HCPF also does not ensure that the lowest cost transportation was used.	HCPF will develop a data review process to reconcile Medicaid medical records in interChange with NEMT claim records.
IntelliRide did not report mandatory complaint information to the department	Monthly complaint reports that IntelliRide sent the department did not include more than one-third of the required types of compliant data and statistics. IntelliRide did not consistently track or report complaint information about late drivers, injuries, and accidents related to NEMT trips. IntelliRide reports are not categorized to easily identify the nature of the complaint, such as accidents, alleged fraud, or abuse.	HCPF placed IntelliRide on a Corrective Action Plan to address incident handling. HCPF also collaborated with IntelliRide to create incident reporting and processes.

Source: [OSA HCPF NEMT August 2021 Performance Audit](#).

## Appendix A State NEMT Legislation and Requirements

**Massachusetts.** The [Massachusetts Executive Office of Health and Human Services](#) established the [Human Service Transportation Office](#) to coordinate transportation for multiple health and human service agencies, including NEMT for the state Medicaid agency, MassHealth. Each year, the Human Service Transportation Office compiles system performance measures for all transportation services provided through regional brokerages.

In January 2021, the U.S. Department of Health and Human Services, Office of the Inspector General (OIG), released audit findings stating Massachusetts made millions in improper NEMT payments. The [Non-Emergency Human Service Transportation Task Force](#) was established in July 2021 ([Mass. Gen. Laws Ann. ch. 24 §134](#)) to explore ways to better collaborate, improve service, and achieve operational and cost efficiencies through the brokerage system.

**New Jersey.** After a [2016 OIG audit](#) finding that New Jersey did not meet the CMS-approved state plan provisions for its NEMT program, the New Jersey [Division of Medical Assistance & Health Services](#) (DMAHS) requires that the statewide broker(s) provide data to enable DMAHS to compile a monthly Transportation Broker Report.<sup>7</sup> New Jersey proposed legislation this year to establish vehicle, staffing, performance standards, and broker review and reporting requirements ([AB 2878](#), Pending).

**Indiana.** In [IC 12-15-30.5](#), Indiana requires the statewide broker for fee-for-service to submit monthly reports on a variety of topics, such as complaints, number of available NEMT vehicles, and instances where requested NEMT was not provided to a Medicaid beneficiary.

**Oregon.** Per [Ore. Health Rules 410-136-3000](#), NEMT services are [managed by coordinated care organizations](#) (CCOs) which may adopt software enhancements to collect encounter data while protecting personal information under privacy provisions of the Health Insurance Portability and Accountability Act. In 2016, [an external quality review](#) found that CCOs received multiple complaints related to beneficiaries' access to NEMT services. Currently, Oregon monitors access to care and quality of care through incentive measures; evaluating various CCO policies, procedures and reports; and providing support and guidance to CCOs through collaborative meetings and technical assistance.

**Pennsylvania.** In February 2022, the Pennsylvania Medical Assistance Transportation Program (MATP) Shareholder Input and Options Analysis Workgroup [recommended reviewing and assessing the technology needs](#) of MATP providers, developing technology-related goals, and creating a plan to achieve these goals. The workgroup noted several state agencies deploying similar technologies, such as [Ecolane software for mileage reimbursement trips](#), online scheduling systems for consumers, and systems to manage reimbursement trips that could be pooled to deploy appropriate solutions, and reduce duplication of efforts. Additionally, the [FindMyRidePA](#) service is designed by the Pennsylvania Department of Transportation and the Federal Transit Administration (FTA) to assist citizens in evaluating transportation options.

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<sup>7</sup>Handbook for Examining the Effects of Non-Emergency Medical Transportation Brokerages on Transportation Coordination", The National Academies of Sciences Engineering Medicine, 2018, <https://nap.nationalacademies.org/catalog/25184/handbook-for-examining-the-effects-of-non-emergency-medical-transportation-brokerages-on-transportation-coordination>, last accessed on April 1, 2022.

## **Appendix B**

### **Public Transportation, Rideshare Service, and NEMT Partnerships**

**Massachusetts.** The state Medicaid agency provides NEMT through a coordinated transportation program. Six regional public transit authorities serve as brokers to provide transportation services in nine regions.

**New Jersey.** Each county department of social services may contract with the local community transportation provider for NEMT. Because of the extensive public transit system in New Jersey urban counties, many Medicaid beneficiaries can use fixed-route rail or bus service to travel to medical appointments.

**Pennsylvania.** The transportation models used in Pennsylvania are:

- a direct contract with shared-ride/transit providers to provide NEMT services;
- a hybrid administrative model where a contracted transportation provider shares the administration responsibility;
- a service provider model where 7 counties are referred to as service providers, thereby, designating the counties with the administrative responsibilities; and
- a vendor model used by 38 counties, which administer NEMT through a county – vendor contract.<sup>8</sup>

As of 2017, the Central Pennsylvania Transportation Authority provides a program, called [rabbittransit](#), in which senior citizens, people with disabilities, and Medicaid beneficiaries can use ridesourcing services if rabbittransit regular options are overbooked or short on vehicles. According to the 2018 National Academies report, rabbittransit services are used to free up public transit vehicles in urban areas, and are used in rural areas when shared ride services are not available.

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<sup>8</sup>“Medical Assistance Transportation Program Stakeholder Input and Options Analysis Workgroup Summary Report”, Pennsylvania Department of Human Services, February 2022, <[http://matp.pa.gov/PDF/MATP%20Legislative%20Report%20\\_Final\\_February%202022.pdf](http://matp.pa.gov/PDF/MATP%20Legislative%20Report%20_Final_February%202022.pdf)>, last accessed on March 25, 2022.