

Medicaid Transportation Coverage & Coordination Fact Sheet



Overview

Who: This Medicaid Transportation Coverage & Coordination Fact Sheet was developed for state departments of transportation (DOTs), state Medicaid agencies, and other transportation entities that provide or are exploring Medicaid-funded non-emergency medical transportation (NEMT).

What: This resource aims to help state Medicaid agencies and state DOTs better coordinate transportation for low-income individuals, people with disabilities, and older adults and foster partnerships between state agencies. The fact sheet includes commonly asked questions about the Centers for Medicare & Medicaid Services' (CMS) [Medicaid Transportation Coverage Guide](#) (the Guide). States administer their Medicaid programs under broad federal guidelines; therefore, communication should happen at the state level.

Why: As members of the [Coordinating Council on Access and Mobility \(CCAM\)](#), CMS and the Federal Transit Administration (FTA) are collaborating to coordinate resources for NEMT and encourage partnerships between state-level counterparts. State Medicaid agencies have flexibilities in how they administer NEMT and because of this, answers to Medicaid transportation coverage questions will vary by state. Collaboration is fundamental to ensuring all providers have a shared understanding of what is allowed in their state.

Background

In 2023, CMS issued the [Guide](#) to serve as a consolidated and comprehensive compilation of current Medicaid transportation policy, providing a one-stop source of guidance on Federal requirements and state flexibilities.

Most importantly, this accompanying document addresses requirements and flexibilities regarding Medicaid's transportation assurance so states are able to provide beneficiaries with greater access to Medicaid benefits. It includes updated guidance to:

- Improve access to transportation services in more complex scenarios, including where beneficiaries may encounter extended wait times and need to make long-distance trips.
- Provide references and greater context on certain overlapping requirements.

The Guide covers a range of transportation policy summaries relevant to NEMT transportation providers. These outline what is allowable and may be of interest to state-level partnership discussions:

- [Assurance of Transportation](#)
- [Transportation Authorities: Flexibilities Under the State Plan](#)
- [Transportation as a Medicaid Program Requirement](#)
- [Transportation Access Requirements](#)
- [Consideration for Special Populations](#)
- [Transportation Under Specific Circumstances](#)
- [Broker](#)
- [Beneficiary Support](#)
- [Provider and Vehicle Requirements](#)
- [Payment](#)
- [Public Transit Agencies](#)

Partnership discussions between state Medicaid agencies and state DOTs are important to understand how your state administers its Medicaid transportation program within the context of state specific structures, funding, rules, and regulations.

Roles

CMS: Medicaid

CMS is responsible for implementing laws passed by Congress related to Medicaid. Jointly funded by states and the Federal government, Medicaid provides health coverage to nearly 73 million Americans, including eligible low-income adults, children, pregnant women, older adults, and people with disabilities.

Medicaid is the largest funder of NEMT:

NEMT is an important Medicaid service for beneficiaries who do not have the necessary transportation to their medical appointments.

Medicaid is one of the 130 Federal programs found in the [CCAM Program Inventory](#) where the estimated FY2018 spending on transportation was \$1.4 billion annually.

FTA: Transit

FTA provides financial and technical assistance (TA) to public transit systems in urban, suburban, rural, and tribal communities, including buses, subways, light rail, commuter rail, trolleys, and ferries.

In FY24, [\\$20.5 billion](#) in federal funding was available to support public transportation throughout the country.

FTA leads the CCAM and administers nine of the 130 Federal programs found in the [CCAM Program Inventory](#).



State Partnerships in Action:

Gwen Zander, Director of Managed Care Operations, Pennsylvania (PA) Department of Human Services (DHS), at the American Public Transportation Association (APTA) 2024 Mobility Conference

Transportation is a critical component to ensuring that individuals who receive their health care coverage through Medicaid can access those health care services. Having a state Medicaid agency oversee a transportation program comes with unique challenges, because while we know and understand Medicaid, we are less familiar with transportation. That is why the PA DHS partnership with our sister agency, PennDOT is critical. It is important for us to consider how any program changes we make will impact other human services transportation programs. This requires careful cost allocation and policy development, but we know that integration is cost effective and efficient because several different programs get to share overhead costs. The design of our human services transportation system necessitates close collaboration; Medicaid is just one part of the whole system. This is why we conduct the following activities to help our coordination:

- Hold regular partnership meetings to discuss emerging issues that impact both agencies;
- Ensure PennDOT staff participate in quarterly DHS calls with administrators at the county level to communicate to our county partners that we are on the same page;
- Offer cross training opportunities for staff to learn about the work of the other agency;
- Reviewed the new CMS Coverage Guide together to determine changes needed in our programs and their impacts; and
- Work together to create and implement IT solutions to challenges faced by both our programs.



Coordination Structure

Transportation providers are strongly encouraged to work directly with their state DOT, who in turn work directly with their state counterpart, the state Medicaid agency.

Any federal Medicaid policy questions that cannot be answered at the state level should be sent to CMS via that state's Medicaid office.

DOT and Medicaid are stronger together, and their partnership is mutually beneficial. States benefit from the coordination of these two integral partners.

Coordination partnerships enable DOTs to answer questions directly because they are informed of state Medicaid policy.



Frequently Asked Questions

The following section outlines responses to frequently asked Medicaid transportation coverage questions identified by CMS, FTA, and the National Rural Transit Assistance Program (RTAP). Please use this section as a starting point to learn more on who to work with from your state Medicaid agency and DOT, how to use the Guide, and what guidance updates may be applicable.

Q: Why should state Medicaid and DOT offices coordinate?

A: Collaboration between DOT and Medicaid, at the state and Federal level, is key to ensuring individuals can reach the medical care they need. Without accessible, affordable, and usable NEMT options, people may not be able to get to care when they need it.

Partnerships between the agencies can:

- Help meet Federal requirements;
- Save health care dollars ([transportation's role in saving health care dollars](#)); and,
- Improve the experiences of consumers and transportation providers.

State Medicaid Agency Responsibility

CMS encourages states to follow the Guide to develop and update appropriate policies and procedures that facilitate robust transportation programs.

While states can engage vendors and managed care plans, and can delegate the many aspects of the operation of transportation programs to other entities, **the state Medicaid agency ultimately is responsible for ensuring transportation that meets all statutory and regulatory requirements**, regardless of whether the beneficiary receives necessary transportation through a Medicaid fee-for-service or managed care delivery system, and whether transportation is offered as an optional medical service or an administrative activity.

Learn more about the [intersection of transportation and health care](#).

Q: How do I contact my state Medicaid agency? How do I contact my state DOT?

A: State Medicaid: Identify your state's Medicaid contact via the National Association of Medicaid Directors (NAMD) [state directory](#). Please work with your state's office to identify the appropriate individual.

State DOT: Identify your state's DOT contact via the [State Transportation Web Sites](#) list. The title and position of each point of contact may vary by state. Please work with your state's office to identify the appropriate individual.

***Tip:** Search your state DOT website; then search for relevant terms such as "transit lead" or "public transit director" within the website.

If you need further assistance identifying a point of contact (POC), contact one of the [FTA-funded TA centers](#).



Q: What are strategies for collaborating with other state agencies?

A: Intra-agency relationships are important to providing a unified and effective response to Medicaid recipients' transportation needs. We encourage state DOT/Medicaid to foster a relationship and hold regular coordination touchpoints throughout the year. These meetings will allow for proactive collaboration. It may be helpful to include other state agencies and organizations, such as State Units on Aging and State Councils on Disabilities.

Developing a state-level fact sheet and/or a joint public webinar may also be effective ways to communicate answers to common questions.

Q: How can a state DOT support the delivery of Medicaid NEMT?

A: FTA's formula programs for rural/small urban areas (e.g., [Section 5307](#), [Section 5310](#), [Section 5311](#), [Section 5339](#)) are managed by state DOTs.

Public/governmental entities as brokers: A state DOT may be a public governmental broker. States may utilize public agencies to coordinate NEMT in order to provide the services more efficiently and cost effectively, as long as there is no conflict with the policies and rules of the Medicaid program. As such, public agencies must be selected through a competitive bidding process.

Government entities (e.g., state DOT) are exempt from conflict of interest if subcontracting to another government provider (e.g., rural public transit) when the following requirements are met:

- Payment does not exceed the actual costs calculated; and
- Accounting systems are maintained such that all funds allocated to the Medicaid brokerage program and all costs charged to the brokerage program are separate; and
- The governmental provider was the most appropriate and lowest cost alternative for each individual trip, in consideration of the beneficiary's specific needs; and

- The broker documents that Medicaid is paying for:
 - I. Public fixed route transportation at a rate no more than charged to the general public; and
 - II. Americans with Disabilities Act (ADA) paratransit and demand response at a rate no more than charged to any other state human services agencies for comparable services.

Note: Medicaid is the payer of last resort.

Medicaid is not responsible for the general operation or deficit financing of public or private transportation programs or providers. Medicaid may be used to pay for a ride but may not be used to purchase or subsidize the transportation infrastructure (e.g., purchase a vehicle).

Q: How do state Medicaid agencies structure the delivery of NEMT?

A: NEMT structures vary by state. Identify your state's Medicaid structure via contacting the Medicaid State Agency. [Common models under which states provide NEMT](#) are through managed care organizations (MCOs), statewide or regional brokers, and local government entities. This list is not all-inclusive.

- If your state uses MCOs, some MCOs deal with transportation providers directly. Most MCOs contract with a broker who then works with and negotiates with the transportation providers, under the guidance of the MCO.
- If your state has a statewide broker or a regional broker, then the negotiation is between the broker and the transportation provider.
- If transportation is administered through local governmental entities (e.g., counties) then the negotiation may occur between the government entity and the transportation provider.

If you need further assistance identifying a POC, contact one of the [FTA-funded TA centers](#).

Q: What transportation activities may be covered and eligible for payment in the state Medicaid plan?

A: When covering necessary transportation, states must pay for the least costly mode of transportation that most appropriately meets the needs of a beneficiary to access covered services. However, states must also ensure that payment is adequate to ensure beneficiary access to covered services. The following outlines coverage related to no load miles, long distance trips, and wait times.

No Load Miles or Unload Miles: These refer to the mileage the driver travels without a Medicaid beneficiary in the vehicle (e.g., no-shows, deadhead) and generally, cannot be paid as a direct service or administrative activity. These may result in significant costs and failure to account for them would negatively affect providers' willingness to transport beneficiaries. States may build the cost of no-load miles and beneficiary no-shows into their transportation payment methodology. States may also separately cover no load miles in limited circumstances.

Long-Distance Trips: Drivers, especially in rural areas and Tribal lands, may travel far away from their operational base or standard travel routes to take beneficiaries to covered medical services. In most instances of overnight long-distance trips, states are required to cover some related travel expenses (e.g., meals, lodging, attendant when necessary).

Long Wait Times: Beneficiaries, especially those with complex medical needs, may need to travel to covered medical services that take hours to complete. Drivers also providing the return transportation may experience long wait times. Consistent with the guidance on no load miles, states may build the cost of long wait times into their transportation payment methodology. States may separately cover wait times as a travel expense in limited circumstances.

Q: Can Medicaid NEMT revenue be used as match for FTA grants?

A: Revenue from contracts to provide Medicaid NEMT are like any other contract to provide transportation services, such as with the local Council on Aging. Revenue from those contracts can be used as local match to FTA's formula grant programs: [Section 5307](#), [Section 5310](#) and [Section 5311](#).

FTA has three programs with statutory authority to accept non-USDOT Federal funding as local match (e.g., Medicaid NEMT):

- [Formula Grants for Rural Areas \(Section 5311\)](#) 49 U.S.C. 5311(g)(3)(D) and (E);
- [Formula Grants for Enhanced Mobility of Seniors and Individuals with Disabilities \(Section 5310\)](#) 49 U.S.C. 5310(d)(3)(B); and
- [Formula Grants for Urbanized Areas \(Section 5307\)](#) 49 U.S.C. 5307(d)(1)(D).

Generally, contract revenue and negotiated rate revenue **can** be used as match for FTA grants. Farebox revenue **cannot**.

Farebox revenue including multiride/weekly/monthly passes, discounted passes for students and older adults, and fares/passes paid for by a local human services organization, university or employer is deducted from operating expenses, and cannot be used as match. Farebox revenue is from payments made by or on behalf of riders for regular public transit services, not based on a separate contract.

Contract revenue from service agreements with state or local social services organizations or human services agencies is considered a different type of revenue and can be used as cash match. Similarly, if a school/university or employer sets up a contract to offer free or discounted service to all students/employees, and the agency is not paid on a per student/employee ride basis, that is not considered farebox revenue and can be used as local match.



Contracts for NEMT trips that are provided using a **negotiated rate can be used as local match**. We suggest you work with your state DOT to clarify how they administer your state's Section 5311 program. You can also learn more about local match in National RTAP's [Fundamental Financial Management Training](#).

Q: Are public transit passes eligible for Medicaid reimbursement?

A: States may utilize public transit passes and claim Federal Financial Participation (FFP) for the cost of bus, rail, ferry, or other public transit passes as long as the cost of the pass is consistent with applicable regulations.

Example: A public transit pass costs \$40 per month for unlimited rides or \$10 for each round trip. If the beneficiary has four scheduled medical appointments, the total cost for the individual trips would also be \$40 (\$10 x 4=\$40). In this scenario, the cost of the public transit pass would not be greater than the cost of the individual rides so the public transit pass would be an economic and efficient means to ensure necessary transportation. Whether the beneficiary uses the pass for non-medical-related trips would not be relevant.

Resources & Additional Information

The following resources from CMS, FTA, and federally supported national TA centers, provide additional background and education on the Guide, NEMT, and transportation coordination initiatives.

CMS:

- [Medicaid Transportation Coverage Guide](#)
- [Webpage: Assurance of Transportation](#)

FTA:

- [Cost Allocation Technology for Non-Emergency Medical Transportation Final Report](#)
- [Coordinating Council on Access and Mobility](#)

FTA TA Centers:

- [Webpage: Non-Emergency Medical Transportation/Medicaid Transportation](#)



Questions?

Contact your state Medicaid and DOT office to discuss how the guidance applies to you.

Search for your Medicaid and DOT office here:

[Where Can People Get Help with Medicaid & CHIP? | Medicaid](#)

[State DOT Transportation Web Sites](#)

For transportation-related TA, reach out to:

[CCAM National TA Center](#)

