

ODP Instructions

Transportation Cost Report

Purpose

Transportation providers are required to submit a completed cost report using the ODP Transportation Cost Report Excel File dated October 2009. This Cost Report will be used to develop provider specific rates for transportation services delivered by the provider and paid through PROMISE™.

Providers may submit the cost report to the AE starting December 14, 2009 but no later than February 1, 2010.

In addition, ODP has updated the draft Provider/Vendor Matrix (Matrix) issued in late 2008 to identify entities as providers or vendors. The final Matrix will be issued by ODP. These instructions outline the changes that will be in the final Matrix.

Determining Provider versus Vendor Status

As noted above, there are changes to transportation services in the final Matrix. ODP recognizes that organizations may have registered in HCSIS as a provider rather than a vendor of transportation based on the draft Matrix and may need to make changes in HCSIS. In those situations the Administrative Entity (AE) will work with the organization to first verify if it meets the definition of a vendor as outlined below. If the entity does meet the definition of a vendor, the organization, AE and ODP will work together to determine the best course of action, including the timeline and technical steps that may need to occur, to correct the provider's designation in HCSIS.

A transportation organization that renders Transportation "Mileage" is considered a vendor and is not required to submit a cost report.

A transportation organization that renders Transportation "Public" is considered a vendor and is not required to submit a cost report when the organization meets the all of following criteria:

- Serves the general public (also known as serving the self-paying public)
- Does not have vehicles solely dedicated to transporting individuals with Mental Retardation (Waiver and base-funded)
- Charges the same rate(s) to individuals with Mental Retardation (MR) as it does when providing the public service

A public transportation organization cannot be classified as a vendor and must be classified as a provider of either trip and/or per diem services and is required to submit a cost report if the all following criteria are met:

- Serves the general public (self-paying public)
- Offers a separate line of business to individuals registered with MR (Waiver and base-funded) in which the provider has vehicles dedicated solely to transporting individuals with MR (Waiver and base-funded)
- Charges separate rate(s) to the individuals with MR compared to the rate charged to the general public for the same service, then the organization
These organizations will not use the Transportation “Public” procedure code as that code is used only when truly a public entity such as a Public Transit System.

A transportation organization that renders trip and/or per diem services only to individuals receiving MR services (Waiver and base-funded), does not serve the general public while rendering those services, and generated more than \$500,000 in Federal funds for all Pennsylvania services during the previous Fiscal Year (FY) is considered a provider and is required to submit a cost report.

It may be possible for an organization that renders trip and/or per diem transportation services to be a vendor; but that would only occur if the trip or per diem entity generated less than \$500,000 in Federal funds in the previous fiscal year. This type of entity can choose to be designated in HCSIS as either a vendor or a provider. Organizations that choose to be vendors will use the trip and per diem procedure codes and do not have to complete a cost report. An organization that chooses to be a provider is required to submit a cost report which will be used to develop a provider specific rate for those trip and per diem procedure codes.

Resource: AEs may be requested to assist in determining if a transportation organization is a provider or vendor based on the above criteria by checking the “**PA Transit Systems**” website identified below to determine if the organization is listed as a public transportation organization. The shortcut to the “PA Transit Systems” list is as follows:

<http://www.dot.state.pa.us/Internet/Bureaus/pdBPT.nsf/TransHomepage?openFrameset>

Please note that the website is not maintained by ODP and as such ODP may not guarantee any information on the web page including how frequently the information is updated. As such, ODP recommends that this website not be used as the only method to determine if a provider meets the standards to be classified as a public transportation provider.

Administrative Entity Role

This section provides guidance to the AE for collecting, assisting, reviewing and submitting rates for transportation services for FY 2010/2011. ODP will implement this process for establishing the Prospective Payment System (PPS) rates for transportation services effective July 1, 2010. ODP will work with the AE to complete these rate activities for transportation services.

The AE will coordinate, distribution, assist providers in completing and submitting the cost report and review the completed transportation cost reports. Providers may submit cost reports to the AEs no earlier than December 14, 2009 but no later than February 1, 2010. The AE will submit an electronic copy of the completed cost report(s) to the ODP Regional Office with its recommended rates related to those cost reports no later than February 19, 2010.

The AE and transportation providers are responsible for providing information to ODP to support the recommended rate when needed. ODP will evaluate the rates forms and AE rate recommendations and will make a final determination to either accept the recommended rate(s), request additional information regarding the recommended rate(s) or request revision of the recommended rate(s).

ODP is available to provide technical assistance to the AEs and will monitor the process to ensure consistent implementation across the Commonwealth. Consistent with the PPS cost report and as outlined in the instructions, the AE will coordinate the submission of the cost reports for providers which includes providers of transportation services covered under the approved Waivers.

As mentioned above ODP recognizes that some organizations may have registered in HCSIS as a provider, rather than a vendor of transportation based on the draft Matrix, but will now need to be designated as a vendor based on the final Matrix. In those situations the AE will work with the entity to first verify if the organization meets the definition of a vendor as outlined by ODP. If it does meet that definition, then the organization, AE and ODP will work together to determine the best course of action including the timeline and technical steps that may need to occur to correct the provider's designation in HCSIS. Transportation vendor services are to be entered into HCSIS as Provider type 55, not provider type 26.

Note: This section provides guidance to register costs for vendors that procure services. As specified above, vendors are not required to submit cost reports. In some cases there may be additional costs associated with brokering a vendor service. When an entity agrees to offer a vendor service on behalf of participants the cost must be the same as the cost of the Public rate for that vendor service unless the entity demonstrates that they will incur specific expenses to administer and implement requirements associated with the provision of the vendor service. Any such expenses/costs must be approved by ODP and should be added to the cost of the vendor service. This is reflected on the vendor screen in HCSIS using the "bid amount"

on the Service details page. ODP will cap this allowable payment. In no event may it exceed \$25.00 per transaction or 15% of the transaction cost, whichever is less. This instruction is consistent with ODP Informational Packet #003-09, attachment #3 distributed in April 2009. During the determination of vendor/provider process and the designation changes needed in HCSIS, the AE is responsible to verify any additional cost for the vendor service complies with the above instructions. The AE is responsible to communicate the final vendor rate to the applicable SC organization(s) and the entity providing the vendor service prior to the final vendor rate being entered into HCSIS.

Submission Deadline

As noted above, transportation “providers” of trip and per diem services are required to submit a completed electronic version of the cost report to the AE. Providers may submit the cost report to the AE starting December 14, 2009 but no later than February 1, 2010.

This document provides guidance for the AE regarding the methodology for rate review and submission for the 4 types of transportation outlined in the approved Waivers and service definitions.

Mileage: W7271 (VENDOR ONLY, Provider type 55)

The AE is **not** required to develop recommended rates and organizations that provide mileage only transportation services are not required to submit a cost report as mileage is considered a vendor service. Mileage will be paid at the lower of the State set mileage rate or Federal mileage rate. The AE shall ensure that ISPs that include transportation mileage are approved and authorized using the mileage rate that is set as the current State mileage rate beginning January of the preceding fiscal year (FY). The current mileage rate as of October 1, 2009 is 0.55 cents per mile. Future rate updates will be posted on www.odpconsulting.net. ODP will validate the use of the State or Federal set mileage rate during the AE oversight process. HCSIS functionality will be modified to accommodate an organization or entity reimbursing transportation on a mileage basis.

Public Transportation: W7272 (VENDOR ONLY, Provider type 55)

Public Transportation is considered transportation services offered to the general, self-paying public when the entity does not have vehicles solely dedicated to individuals registered with MR (Waiver and base-funded) and does not charge separate rate(s) to individuals with MR (Waiver and base-funded) compared to the rate charged to the general public for the same service. As a public transportation organization, the entity is classified as a vendor and should ensure that its designation in HCSIS is updated to reflect vendor status. Public transportation organizations provide the type of transportation or program listed on the Department of Transportation web site included in the “Identifying Public Providers” Section above. A public transportation vendor meeting the description outlined in the “Identifying Public Providers” Section above will be paid on an outcome basis and the organization is not required to complete a cost

report. The AE will need to simply verify and document the public rate and provide it to ODP when requested. Only public entities can use the W7272 code.

Per Diem: W7273

Per Diem is non-emergent transportation provided to individuals with MR by provider agencies, in order to enable individuals to access services and activities specified in the individual's approved and authorized ISP. These costs are prorated by the usage for individuals receiving Waiver services when vehicles are also used for accessing services and activities for people who are not Waiver or base-funded participants.

Trip: W7274, W7275, W7276

For transportation payments made based on per trip rates, the following outlines the expectations regarding how rates are collected, reviewed and submitted by the AE. If the organization meets the provider definition described above, trip rate(s) must be established unless otherwise specified by ODP.

Submission Requirements

The AE will collect provider cost reports, review the forms and will develop recommended rates and submit documents to ODP using the electronic cost report attached dated October 2009. The cost report will replace any previous tools. Providers will be required to submit a cost report that reflects actual costs related to delivering transportation services to individuals with MR in the Consolidated and P/FDS Waivers.

Cost Report and Instructions:

The cost report is available electronically in Microsoft Excel software and **must** be completed and submitted in the Excel format.

Electronic versions of the cost report and instructions can be downloaded from the ODP Administrative Entity Information Center (AEIC) at <http://aeinfo.odpconsulting.net> and the ODP Provider Information Center (PIC) <http://pic.odpconsulting.net>. These websites can be accessed either directly by clicking on the above links or from the homepage of the www.odpconsulting.net website by using the links on the left side bar under the Information Centers section.

The Cost Report and Instructions are contained under the link *ODP Mercer Transportation Cost Report Information*.

Providers are to submit a completed copy of the ODP Transportation cost report in an electronic Excel format. AEs should not accept paper copies of completed cost reports. The AE must submit an electronic copy of the cost report to the ODP Regional Office with its recommended rate(s).

Rate Development Methodology:

The attached cost report is intended to support the AE in the review and submission of transportation rates to ODP. The cost report contains the following schedules:

1. Instructions
2. Certification Page
3. Schedule A – Expense Report
4. Schedule B – Provider Comments and Allocation Methodology

Selection of Services

The provider must identify the procedure codes for which actual costs for transportation services will be reported. In general, selection will be limited to trip rates (zones) and per diem services.

If the provider renders trip services (zones), the first step will be to assess the appropriate zone for classification purposes as no provider may have more than 3 zones as specified in the service definitions. However, if the provider has more than 3 zones currently the provider may represent the additional zones on the cost report so that the AE can group the zones and assign the respective zones to Zone 1, Zone 2 or Zone 3. Historically, establishing a maximum rate allows the provider to bill up to the maximum rate but it can also bill a lesser amount and receive reimbursement for the amount billed. This lesser billed amount is known as a “cut back” to the maximum rate. Consistent with the development of the PPS rates based on cost report data, the AE should collect actual FY 2008/2009 allowable cost data from transportation providers that are required to submit a cost report. These costs should be allocated to the appropriate procedure codes to establish transportation rates.

Cost Categories

ODP expects that the AEs will collect cost information from providers on which the rates will be based. The following table outlines appropriate cost categories that can be considered in the development of transportation rates.

Cost Category	Description
Personnel	<p>This includes wages, benefits and employee related expenses for the driver and accompanying staff required by support needs identified in Waiver participant service plans.**</p> <p>** If the carrier does not provide accompanying staff and an individual's ISP identifies this need, Companion Service may be used for participants 18 years to meet this need. See W1724, 1725, 1726, 1727</p>
Vehicle Lease/Depreciation Expenses	<p>This includes payments made for leasing vehicles and/or depreciation expenses recognized for vehicles and modifications that exceed \$5,000 for vehicles that can be directly attributed to transporting Wavier participant's¹. Vehicles should be depreciated over the life of the vehicle and modifications should be depreciated over the remaining life of the vehicle using a reasonable depreciation schedule.**</p> <p>**Supporting schedules should be provided by the transportation organization to support the depreciation and other related expenses reported.</p>
Insurance	<p>This includes the costs for automobile and liability insurance. These costs should be reported net of recoveries from insurance claims.</p>

¹ Please note that costs for leasing and/or purchasing luxury or "loaded" vehicles are not recognized as an allowable cost for the Wavier.

Cost Category	Description
Vehicle Repairs and Maintenance	This includes costs for routine maintenance (e.g., oil changes, tire replacement) and non-routine repairs (e.g., brake replacement) that are necessary to maintain the vehicle in a clean, safe, and reliable working condition.
Fuel	This includes the cost for gasoline or diesel fuel used in the transportation of individuals enrolled in the Wavier.
Other	This includes miscellaneous vehicle expenses that can be directly attributed to the provision of transportation services. Examples include vehicle license renewals, registration fees and taxes.
Administration	This includes expenses related to the cost to maintain vehicle logs, coordinate rides and otherwise administer the services that are rendered to Wavier participants, including the salary and employer related expenses (ERE), such as taxes, workers' compensation, and benefits, costs for administrative staff.

The costs outlined above should be offset by contributions and revenues that were obtained for general use and not restricted to a specific purpose. These revenues are used to reduce provider expenses and include: investment income, other revenue, non-restricted/appropriated United Way contributions, non-restricted/appropriated contributions, and government grants such as the Department of Transportation grants. Providers should report all expenses associated with grant funds as well as respective offsets. Revenue should only be reported on Schedule A, Line 9 if the expenses tied to the revenue are reported on Schedule A, Lines 1-7. To establish rates for transportation services, the net costs must be divided by an appropriate number of units. The development of the unit bases is discussed in the next section.

Utilization

For trip rates, the utilization base should reflect the number of trips that were made in the same FY as the reported costs. This does not include “no show” trips when a Waiver participant did not receive the service.² For Per Diem rates, the unit rate basis is a day, and the utilization base should reflect the actual number of days that transportation services were rendered to Waiver participants. When payment data is available and sufficiently reliable, claims can provide a convenient source of data from which a credible utilization base can be established. However, when this data is unavailable, it may be necessary to collect data directly from the transportation providers related to the number of trips provided in the FY experience period.

There are several considerations for establishing a reasonable utilization base for rate development. Factors that impact the number of units of service that are expected to be billed include:

- ODP expects that AEs will encourage efficient use of transportation services and require that providers are rendering services using the most direct routes between destinations.
- Coordination of trips – ODP expects that AEs will monitor transportation providers to ensure providers are using multiple-passenger trips where appropriate.

The AE should consider these factors in reviewing and recommending the transportation rates for a provider. The utilization base should be established consistent with the approach that will be used for reimbursement³. For example, if the provider will be allowed to bill a trip for each Waiver recipient in the vehicle, the number of units should also reflect the count of the individuals. In this case, it may be necessary for the AE to make an assumption about the average number of passengers in the vehicle to establish an appropriate rate.

Mileage Range, Average Mileage, Average Number of Individuals with MR, and Average Cost per Individual per Mile

The mileage range (lines 13 and 14 in the Excel cost report) should reflect the shortest mileage driven per day or per trip (lower bound) and the longest mileage driven per day or per trip (upper bound) during the entire reporting period (FY 2008/2009) for the per diem and trip services, respectively.

The average mileage (line 15) should reflect the number of miles, on average, traveled per day or per trip during the entire reporting period (FY 2008/2009). For example, if you provided 10 transportation trip services using zone 1 and drove 10 miles for 5 of the

² Providers will not be able to submit an invoice for a “no show.”

³ ODP should consider any billing constraints that may limit options related to the unit basis on which transportation providers can submit claims.

trips and 20 miles for 5 of the trips, you would enter the average mileage as 15 (10 miles * 5 trips + 20 miles * 5 trips) / (10 total trips) for zone 1.

The average number of individuals with MR (line 16) should reflect the number of individuals with MR, on average, that you transport per diem or per trip during the entire reporting period (FY 2008/2009). Continuing with the same example, for the same 10 transportation trip services provided in zone 1, if 4 individuals with MR were transported on 5 trips and 6 individuals with MR were transported on 5 trips, you would enter the average number of individuals with MR as 5 for zone 1 (4 individuals * 5 trips + 6 individuals * 5 trips) / (10 total trips).

The average cost per individual per mile (line 17) is automatically calculated as the cost per unit divided by the average mileage per diem or per trip multiplied by the average number of individuals with MR per diem or per trip.

Projection Factors

The AE should consider reasonable increases to the historical period unit cost in the review of the prospective transportation rate. That said, projection factors used to establish the rates should not exceed the factor provided by ODP. ODP will review the projection factors included in the rate development and recommendation and retain final approval authority over all prospective transportation rates.

Provider Documentation Requirements

ODP expects that transportation providers/vendors will maintain documentation that supports the rate requested and the claims submitted to PROMISE. This documentation will be submitted to the AE so rate review and development can occur and so that the AE can submit to ODP for approval of the final rates. Any additional information needed to support rate development, approval and claims validation should be submitted to the AE, and must be available to ODP upon request. Examples of appropriate documentation include vehicle mileage logs, supporting schedules for depreciation expenses, Waiver participant census records, individual trip data or other sufficiently detailed method to record the actual utilization. This data will support audit and monitoring functions and may potentially be reviewed in future rate setting activities.