NYC United Ambulette Group
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February 8, 2022

Joint Legislative Budget Hearing
Re: Ambulette Industry in Crisis

Presented by Ed Kelley – Director of Public Affairs

SUMMARY

1. **A7929/S7243** - PURPOSE: To eliminate from law the broker involvement in ambulette transportation under fee for service Medicaid.
2. **Executive Budget** - Include ambulette drivers as healthcare workers.

Honorable Senators and Assembly members, I am Ed Kelley, Director of Public Affairs for both NYC United Ambulette Group and Long Island Nassau Suffolk Ambulette Coalition. Thank you for giving me the opportunity to address you today.

1. In March 2020, MRT II presented recommendations on transportation about 14 days before the budget was due, and became part of the budget without stakeholder input due to the COVID shutdown. *Sadly, all Medicaid transportation in the State was given to a for profit middleman* broker. The purpose of the MRT II initiative is to financially incentivize a for profit middleman broker to cut spending by cutting service levels to Medicaid members and cut sustainable reimbursement to transportation providers. Brokers are private for profit businesses that take a share of public Medicaid dollars while not adding to or improving services to Medicaid members.

We are grateful to Assemblyman Pretlow and Senator Bailey for sponsoring A7929/S7243 , whose purpose is to rescind the MRT II broker initiative and eliminate from law broker involvement in ambulette transportation under fee for service Medicaid.

In the meantime, DOH has issued RFP#17965R pursuant to the MRT II initiative. That bid was due Nov.12, 2021 with an anticipated contract start date of August 1, 2022.

We've heard it said that the devil is in the details. On October 4, 2021 the DOH published responses to written questions for the RFP. Here are some of the low points –

a. Broker can determine level of service for Medicaid members instead of the member's primary care doctors. Currently the member's doctor issues Form 2015 determining the medical necessity for the type of transportation needed. The RFP requires the broker to use a utilization staff to challenge these forms and determine the appropriate mode of transport. This is a clear end run around CMS guidelines which is detrimental to members. The purpose is to cut levels of service for members to improve broker financial performance. For example members with disabilities, like vision impaired, or with a walker will be moved from ambulette (door to door driver assistance with wheelchair lift) to less expensive livery (curb to curb service without driver assistance). Members who receive ambulette service will forced into livery regardless of the recommendation of their physicians.

b. There will be no more Medicaid fee schedule – all rates will be set by negotiation or bid.
c. Members will no longer be able to choose their transportation providers as per CMS guidelines, unless their chosen provider is the lowest cost option.
d. Providers can be terminated from Medicaid for no cause.
e. DOH provides no protection for providers from retaliation by broker in the event of provider complaint or dispute.
f. There will be no actuarially sound rates – meaning providers like ambulette with substantial financial investment will not invest to upgrade equipment or improve service.

Underpinning the MRT II broker initiative is the fact that brokers have misrepresented to DOH their ability to cut transportation costs. Here are the facts –

The ambulette business is 95% costs over which no one has control. No one can control the cost of the vehicle, insurance or minimum wage. What to speak of fuel which has gone up 62% over the last 12 months. In addition, all ambulette drivers are required to be W-2 employees and all vehicles must be owned by the ambulette base. There is no owner-operator model like Uber and Lyft where costs are pushed onto unsophisticated driver owner-operators.

In addition, the ambulette industry is the most regulated transportation business in New York State. We are subject the regulatory regimes of DOH, DOT, DMV 19A bus driver unit and local TLCs.

Finally, throughout COVID, when New York City was completely shut down including taxis and public transportation, the ambulette industry ran every day getting the sickest and neediest New Yorkers to their dialysis and chemotherapy appointments. Companies scrambled to provide PPE and training to drivers risking their health and being paid only one or two dollars over minimum wage. Meanwhile DOH effectively cut reimbursement rates by prohibiting multiloading while refusing to increase the Medicaid rate which is a shared ride rate. Right now the ambulette industry is in dire financial condition. In fact, the largest ambulette provider on Long Island suddenly closed in Spring 2021, creating a huge shortage of ambulette services on Eastern Long Island.

My question is - After this RFP takes effect, and brokers take their profit by aggressively cutting rates, what company will be able and willing to operate in a future public health emergency? The ambulette industry must be put on a sustainable, actuarially sound rate program to maintain this vital health care infrastructure.

2. **<u>Issue 1 - Ensuring that New York City Ambulette drivers, helpers and staff are included/properly categorized as healthcare workers;</u>** <u>thereby</u> making them eligible to receive much needed funding from the $10 billion that Governor Hochul has allocated to support healthcare workers with COLA, bonus and wage adjustments.
   The ambulette industry is suffering with a severe labor shortage. We compete to attract and retain quality drivers against Ride Sharing services, Bus drivers, Fedex and UPS delivery services and, of course other industries, yet, we have no pricing power to adjust rates to attract and retain quality drivers.
   Our labor costs have dramatically outpaced the 7% inflation number we hear about daily. Since 2017 when the minimum wage mandate went into effect driving rates upward, to $15 base wage and $22.50 overtime pay or +67% since 2016. Three years after NYC's last minimum wage

increase drivers are demanding more to stay; $16, $17 and $18 base pay and we cannot pay it without funding being allocated as part of the Governor's Healthcare worker COLA, wage initiative.

In conclusion, we need your support for A7929 to immediately halt the MRT II initiative for transportation.

Thank you.

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