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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 93 LCM-95

Date: July 29, 1993

Division: Health and Long  
Term Care

TO: Local District Commissioners

SUBJECT: Medical Transportation: American Automobile Association  
Per Mile Vehicle Operating Costs

ATTACHMENTS: There are no attachments to this LCM.

Continuing the effort to provide local district staff pertinent information regarding the administration of medical transportation, this memorandum:

- 1) reiterates department policy for medical transportation; and,
- 2) provides an alternative method of determining the private vehicle mileage reimbursement amount to be paid to Medicaid recipients.

#### POLICY FOR MEDICAL TRANSPORTATION REIMBURSEMENT

Transportation to necessary care and services should be assured by utilizing the mode of transportation used by the Medicaid recipient for general activities of daily living. Recipients who have access to a private vehicle and who utilize this mode of transportation for daily activities are expected to use this vehicle, when available and appropriate, to access medical services. Reimbursement for the use of this vehicle is not required for occasional medical appointments. In certain situations, however, the local district may wish to reimburse for the use of a private vehicle.

The above policy, including the factors to be considered by the prior authorization official in the determination whether to reimburse for private vehicle mileage, are discussed in the recently issued Administrative Directive 92 ADM-21, "Transportation for Medical Care and Services: 18 NYCRR 505.10."

ALTERNATIVE PRIVATE VEHICLE MILEAGE REIMBURSEMENT METHOD

Reimbursement for private vehicle mileage may be limited only to the operating costs of the vehicle, not the ownership costs. Past practice had established private vehicle mileage reimbursement at the local rate (the rate paid to district staff for use of their own vehicles for employment related activities). While department staff should be reimbursed for both operating and ownership costs (due to the fact that use of one's vehicle is a condition of employment), it is not necessary to reimburse the recipient for vehicle ownership costs. The recipient is not required, for purposes of the Medicaid program, to own a vehicle. Vehicle ownership is a personal choice; therefore, these ownership costs should not be included in any consideration of private vehicle mileage reimbursement.

Actual vehicle operating costs are detailed by the American Automobile Association (AAA) in an annually updated pamphlet entitled Your Driving Costs. Information is provided on three vehicle sizes. Cost per mile is broken down by operating costs and ownership costs.

Operating costs consist of three components:

1. Gasoline and oil
2. Maintenance
3. Tires

Ownership costs consist of six components:

1. Comprehensive insurance
2. Collision insurance
3. Property damage and liability
4. License, registration and taxes
5. Depreciation
6. Finance charge

Using this methodology for the purpose of Medicaid private vehicle mileage, only operating costs are reimbursed; ownership costs are not considered a reimbursable component. The 1993 average operating cost of the three vehicles listed is 9.2 cents per mile.

DISTRICT REIMBURSEMENT OPTIONS

Districts have three methodologies to choose from when the district makes reimbursement to a recipient for use of a private vehicle: the AAA operating cost amount, the amount reimbursed to district staff, or, through negotiation on a case by case basis. If you choose the AAA amount, you should use the designated Average Operating Cost as calculated by the American Automobile Association for reimbursement purposes, and this figure should be rounded up to the next whole cent. The information regarding operating costs is updated on a yearly basis by the American Automobile Association. The pamphlet should be requested from your district's branch of the American Automobile Association in late March for the current year.

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IMPLEMENTATION

Districts wishing to utilize the AAA operating cost standards must amend their Title XIX Medical Transportation Plan. A letter describing the new procedures that will be used to reimburse for private vehicle mileage should be submitted to Michael Falzano, Assistant Commissioner, Division of Health and Long Term Care, prior to implementation. The amendment request should specify that the AAA operating costs have been designated as the standard for private vehicle mileage reimbursement and that the reimbursement amount will be adjusted annually based upon the updated AAA amount for that year.

Loretta Grose of my staff can provide any additional information you require, and can be reached at 1-800-342-3009, extension 3-4055 (OA USERID AW0680). Thank you for your cooperation in these medical transportation matters.

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Sue Kelly  
Deputy Commissioner  
Division of Health and Long Term Care