

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, DC

ORDER NO. 3267

IN THE MATTER OF:

Served December 19, 1988

Application of J & B TRANSPORTATION )  
COMPANY, INC.; METRO MEDICAB, INC.; )  
P & T TRANSPORTATION CO., INC.; )  
OTIS F. SMITH Trading as SPEEDY )  
TRANSPORTATION; ELLIS B. HARRISON, )  
SR., Trading as AREA TRANSPORTATION )  
COMPANY; DAMON'S TRANSPORTATION )  
COMPANY, INC.; WILLIAM C. DYE )  
Trading as W & D TRANSPORTATION; )  
BATTLE'S TRANSPORTATION, INC.; and )  
CARE ACCESS, INC., for Rate Increase)

Case No. AP-88-35

Investigation of Rates for the )  
Transportation of Non-Ambulatory )  
Passengers for the District of )  
Columbia Department of Human )  
Services Medicaid Program )

Case No. MP-88-38

On October 4, 1988, counsel for the above-listed carriers filed a proposal to increase the rates for services provided for the Medicaid program of Washington, DC. J & B Transportation Company, Inc., holds WMATC Certificate No. 45; Metro Medicab, Inc., holds WMATC Certificate No. 46; P & T Transportation Co., Inc., holds WMATC Certificate No. 47; Otis F. Smith trading as Speedy Transportation holds WMATC Certificate No. 48; Ellis B. Harrison, Sr., trading as Area Transportation Company holds WMATC Certificate No. 49; Damon's Transportation Company, Inc., holds WMATC Certificate No. 60; William C. Dye trading as W & D Transportation holds WMATC Certificate No. 61; and Battle's Transportation, Inc., holds WMATC Certificate No. 62.

By motion filed November 23, 1988, counsel for applicants asks that Care Access, Inc., be added to the list of applicants. Care Access, Inc., holds WMATC Certificate No. 141 and is a relatively new carrier, having received its Certificate in the latter half of 1988. Accordingly, this carrier does not have historical financial data that would require applicants to amend their presentation. Included with the motion were current financial statements, pro forma income statements, and an equipment list for Care Access, Inc. The motion to add Care Access, Inc., to the list of applicants in Case No. AP-88-35 is hereby granted.

Applicants propose a rate increase in excess of 100 percent for the transportation of non-ambulatory participants in the Medicaid program of the District of Columbia Department of Human Services (DHS).

Applicants also propose to charge for the transportation of the participants' attendants. The proposed fares are:

One-way trips within the District of Columbia city limits.....	\$30.00
One-way trips outside the District of Columbia city limits.....	\$30.00
Round trip within the District of Columbia city limits.....	\$50.00
Round trip outside the District of Columbia city limits.....	\$50.00
	Plus \$1.50 per loaded mile
Cancellation charges	
One-way trips.....	\$ 7.50
Round trips.....	\$12.50
Unusual condition requiring additional manpower - 33% of the trip	
Charge for the transportation of attendant with patient - 33% of the charge for the patient	

The current rates are:

One-way trips within the Capital Beltway . . . . .	\$15.00
One-way trips outside the Capital Beltway . . . . .	\$15.00
	Plus \$.75 per loaded mile
Round trip within the Capital Beltway . . . . .	\$25.00
Round trip outside the Capital Beltway . . . . .	\$25.00
	Plus \$.75 per loaded mile
Cancellation charges	
One-way trips . . . . .	\$ 7.50
Round trips . . . . .	\$12.50
Unusual condition requiring additional manpower \$5.00 per trip	

In support of the request for a rate increase applicants acquired the services of an independent accounting firm to prepare a summary of each carrier's actual revenues and expenses for four test years, plus an industry profile for each of those years; a "modified" summary of each carrier's revenues and expenses for the same test years, plus a modified industry profile for each of those years; an industry projection of revenues and expenses based on existing rates; and an industry projection of revenues and expenses based on the requested rates. The financial data submitted were in hand-written form and not entirely legible. Applicants will be directed to provide typed data to facilitate analysis.

The modified summary of the applicants' revenues and costs represents data compiled by the carriers for four representative years: 1980, 1982, 1984, and 1986. The summaries were adjusted for the inclusion of expenditures that were understated or overlooked by the carriers. The financial data appear to indicate the following adjusted average losses, based on the industry profile, after allowance for taxes and a 10 percent rate of return: 1980 - \$44,565; 1982 - \$45,047, 1984 - \$58,402, and 1986 - \$64,655.

The financial data indicate that the applicants would suffer a collective loss of \$121,015 if the existing rates continue, with the loss increasing to \$134,114 after allowing for a "reasonable profit and investment rate of return - 10%." Under the proposed tariff applicants would net an adjusted average of \$9,979 but would still suffer a loss of \$16,220 after allowing for "reasonable profit and investment rate of return - 10%."

Applicants have not sought a rate increase since these services were originally authorized in the late 1970's. Applicants indicate that the requested rate increase would enable them to update their fleets. If the proposed increase is granted "the applicants will voluntarily remove from their fleets all vehicles that have been in service for eight years." Applicants did not submit equipment lists with their application and will be directed to do so.

Applicants do not constitute all of the carriers transporting non-ambulatory participants in DHS's Medicaid program. It is recognized that approval of new rates for applicants, if justified, could cause a potential problem for DHS by creating a disparity of rates paid for identical service. All carriers authorized to provide such service to DHS are currently authorized to charge the same basic rates. It is also recognized that if an amended rate schedule is justified for the segment of this industry represented by applicants, it may also be justified for other carriers providing the same services for DHS. Accordingly, the Commission will simultaneously undertake an investigation pursuant to the Compact, Title II, Article XII, Section 6(b) to determine whether uniform rates for the DHS service provided by J & B Transportation Company, Inc., et al., are warranted and justified for all carriers providing such service.

Each carrier, other than applicants, authorized to provide such service to DHS will be named a party respondent to this investigation and will be required to submit relevant data.

This matter will be scheduled for a prehearing conference pursuant to Commission Rule No. 17.

**THEREFORE, IT IS ORDERED:**

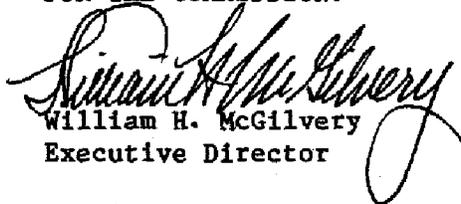
1. That a prehearing conference in Case Nos. AP-88-35 and MP-88-38 is scheduled to commence Thursday, January 26, 1989, at 9:30 a.m. in the Hearing Room of the Commission, 1625 Eye Street, N.W., Room 314, Washington, DC 20006, and all applicants and parties respondent are directed to appear or be represented by counsel at the prehearing conference.

2. That each applicant is directed to file with the Commission no later than Thursday, January 19, 1989, an original and four copies of (a) an equipment list indicating make, model, year, serial number, vehicle number, license plate number (with jurisdiction), and seating capacity of each vehicle and (b) typed financial data.

3. That Ironsides Medical Transportation Corporation (WMATC 31); Dan Jenkins trading as Jenkins Transportation Service (WMATC 44); Elrod Transportation Service, Inc. (WMATC 50); Henry L. Epps, Jr. (WMATC 51); David C. Pearson trading as E & H Transportation Company (WMATC 53); Mobile Care, Ltd. (WMATC 65); Perkins Ambulance and Wheelchair Service, Inc. (WMATC 126); and Your Way Transportation, Inc. (WMATC 142), are named parties respondent in Case No. MP-88-38, and each party respondent is directed to file with the Commission an original and four copies of (a) its most recent balance sheet; (b) operating statements for 1980, 1982, 1984, and 1986; (c) an equipment list indicating make, model, year, serial number, vehicle number, license plate number (with jurisdiction), and seating capacity of each vehicle; (d) a 12-month projection of revenues and expenses under its existing tariff; and (e) a 12-month projection of revenues and expenses under the proposed rates, no later than Tuesday, January 19, 1989, and shall simultaneously serve a copy of these documents on Vernon A. Williams, Esquire, 2041 Martin Luther King, Jr. Avenue, S.E., Suite 301, Washington, DC 20020.

4. That each applicant and party respondent is hereby assessed \$100 pursuant to Title II, Article XII, Section 19 of the Compact, and directed to deliver said amount to the office of the Commission, 1625 Eye Street, N.W., Suite 316, Washington, DC 20006, no later than Thursday, January 19, 1989.

FOR THE COMMISSION:

  
William H. McGilvery  
Executive Director