

## Transit for healthcare: Volunteer drivers in aging rural Minnesota

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By Whitney Oachs, Research Intern

Across the state, an army of younger senior citizens use their own private vehicles to serve as volunteer drivers, providing an essential service to the elderly and disabled in rural communities where public transit can be sporadic or non-existent.

According to the transit providers who coordinate these rides to grocery stores, clinics, and other important appointments, however, the numbers in this army have been dwindling steadily, while the numbers of those needing transportation services are trending upward (Figure 1). With the population across Minnesota expected to age considerably over the next decade, especially in rural areas, rural transit providers and rural communities face growing challenges to meet the needs of those who cannot drive themselves.

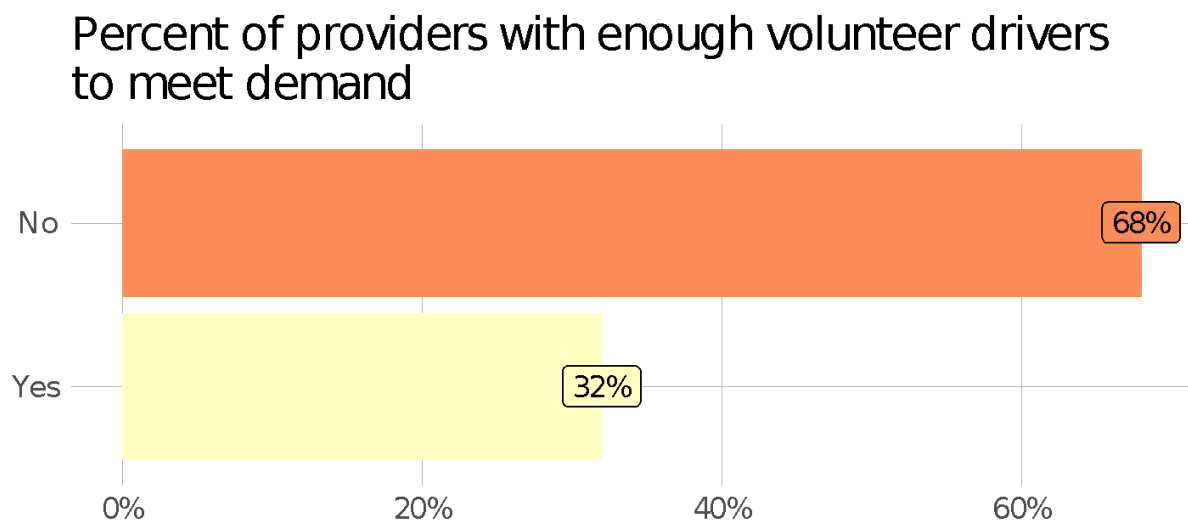


Figure 1: A large majority of providers have indicated that they do not have enough volunteer drivers to meet demand. Source: MCOTA 2017

In the five-year period from 2010 to 2014, Greater Minnesota transit ridership overall increased 8 percent, equating to more than 900,000 additional passenger trips, demonstrating both the increasing need and desire for transportation options.[1] In that same time period, the number of volunteer drivers fell, according to several reports from the Minnesota Department of Transportation (MnDOT).[2] Figure 2 demonstrates the change in volunteer drivers between 2010 and 2018. For three transit providers—Southeastern Community Action Council (Dodge, Fillmore, Houston, Steele, Waseca and Winona Counties), United Community Action Partnership (Cottonwood, Jackson, Lincoln, Lyon, Murray, Pipestone, Redwood and Rock counties), and Volunteer Services of Carlton County—the numbers, provided by MnDOT, show a significant decrease in volunteers over the last ten years.

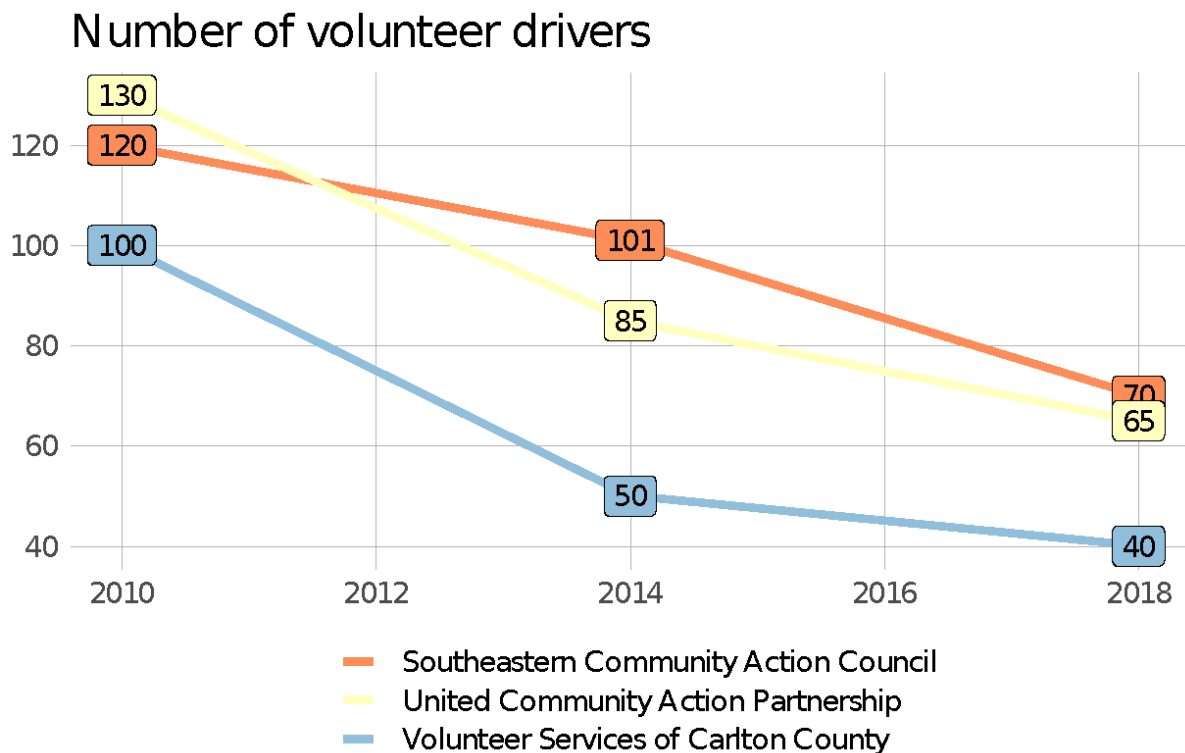


Figure 2: The number of volunteer drivers has dropped significantly since 2010. Source: MN Dept. of Transportation

Volunteer drivers' contributions are significant. A 2017 study by the Minnesota Council on Transportation Access found that volunteers were providing over 400,000 hours of driving services per year, making on average 429 trips per month.[3]

## Number of providers indicating whether they have had cancelled trips due to driver deficit

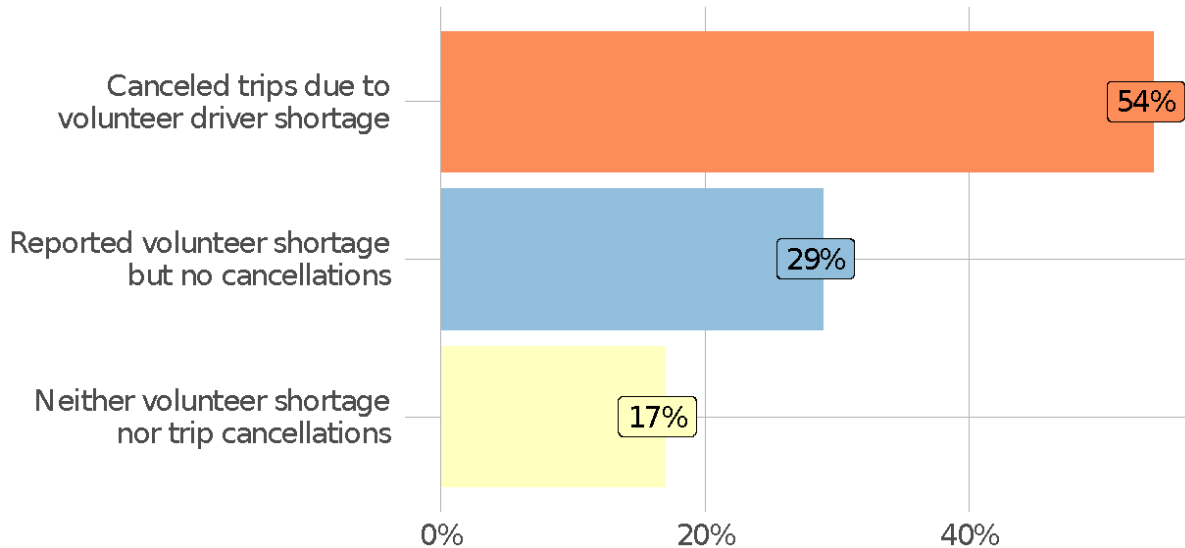


Figure 3: A majority of providers reported that they needed to cancel trips due to volunteer driver shortage. Source: MCOTA 2017

Yet with the falling number of volunteer drivers, some organizations are forced to limit capacity by cancelling rides (Figure 3). Among the 28 volunteer transit providers surveyed for the MCOTA study, 23 (83%) reported having a hard time finding drivers, and 15 (54%) reported having to cancel rides due to lack of volunteers. Only five organizations (17%) reported not having either a shortage of drivers or forced cancellations.[4]

Besides the cancelled rides, there are the many rides that are never scheduled in the first place. Prairie Five Rides, which provides volunteer rides and non-emergency medical transportation (NEMT) to individuals across five west central Minnesota counties, recorded a decrease in volunteers of more than 50% from 2016 to 2018.

“In 2016, we had close to 40 volunteer drivers. That’s kind of the optimum number for us, where you’re not denying rides,” says Ted Nelson, Prairie Five Rides program manager. “Right now, we’re at 18 drivers. We’re denying about two to six rides a day.”[5]

Cathleen Amick, director for the Willmar-based Central Community Transit (CCT), reports that they would have enough drivers to meet demand if their numbers were where they were in 2015.[6]

## Who uses volunteer drivers?

The majority of volunteer drivers' passengers are elderly and disabled individuals, and demand for ride services is only expected to grow: the percentage of the population over age 65 is projected to increase through at least 2030, as Baby Boomers and the much smaller Generation X age out. Other factors driving demand in rural Minnesota include a slightly higher percentage of people with disabilities in rural counties (11.4%) compared to the state as a whole (10.1%); lower median incomes; and families and individuals without access to a car (6.1% of Greater Minnesota households).[7] In 2010, a little over 50% of transit riders in Greater Minnesota reported not having either a car or a driver's license. That share rose to 70% for small rural systems.[8] Access to transportation also has a direct impact on access to healthcare, and access to healthcare is a major determinant of overall health, according to the Rural Health Information Hub, a federally funded national clearinghouse on rural health issues.[9] The American Hospital Association estimates that 3.6 million people in the United States do not obtain essential medical care due to transportation issues.[10]

## The issues behind falling volunteer driver numbers

But while the bulk of the people using volunteer driver services are seniors, so are the bulk of volunteer drivers. Among the service providers who responded to the MCOTA study, those using volunteer drivers reported that over half their 900 volunteer drivers were between the ages of 65 and 69.[11] Most of the remaining 50% were individuals nearing retirement age, with the remainder above age 69. And therein lies the problem.

Several factors are contributing to the shrinking number of volunteer drivers.

- The effect of mileage reimbursement on Social Security income.
- Lack of reimbursement for no-load miles, which is aggravated by the growing distance between healthcare providers.
- Insurance and legal gray areas.
- Regionalization of transit services in Greater Minnesota.

### *Mileage Reimbursement*

Volunteer coordinators cite mileage reimbursement and the low mileage reimbursement rate as the largest contributors to a decrease in volunteer drivers.

Public transit organizations recruit volunteer drivers, coordinate their rides, and reimburse them for their miles driven. The dollars to fund them come from Medicare and Medicaid, health insurance companies, donations, public and private grants, and local-option sales taxes.

The U.S. tax code defines two types of mileage reimbursement: business rate and charitable rate. People driving for business purposes can add up their miles, multiply by the business rate, and deduct that amount from their annual income as an expense. People driving for charitable purposes can do the same thing.

The difference is that the business reimbursement rate is adjusted annually to follow inflation. The charitable mileage reimbursement rate is not. In fact, the charitable mileage rate has not been updated by Congress since 1986 (Figure 4). The difference wasn't so noticeable in 1985 when the business rate was 21 cents and the charitable rate was 12 cents. Today, however, the business rate is 58 cents while the charitable rate remains at 14 cents. The 44-cent difference is where the problem lies.

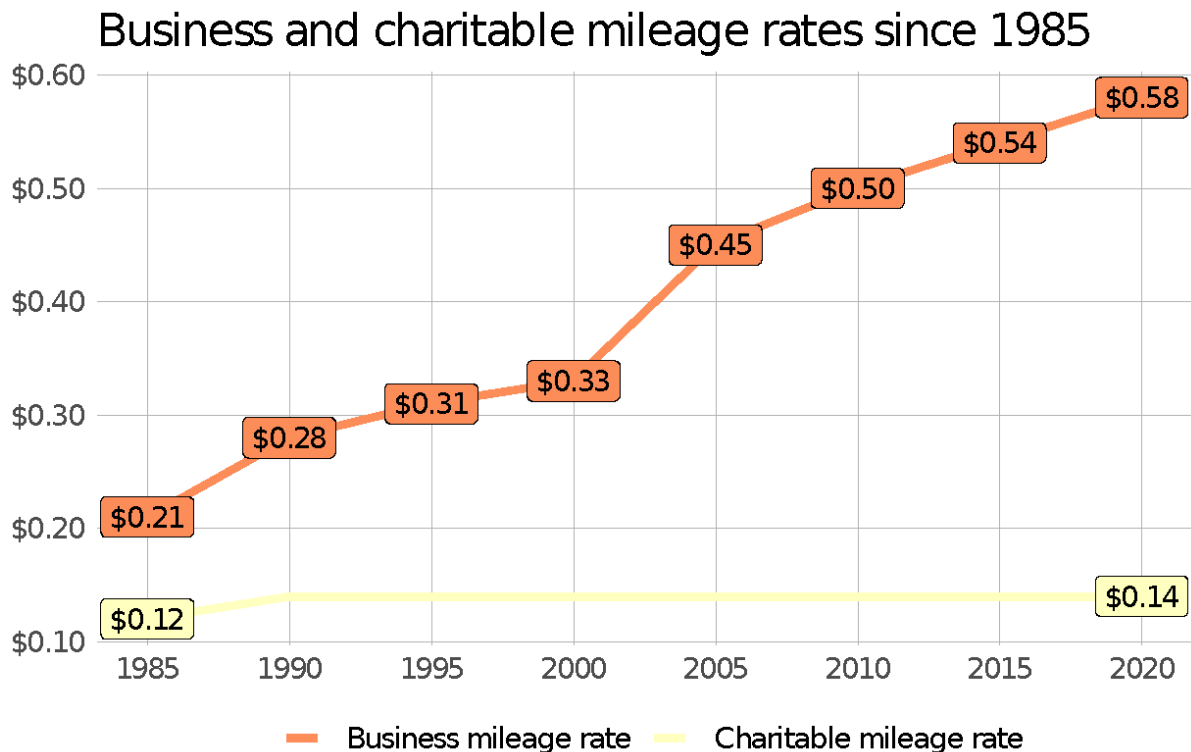


Figure 4: The business mileage rate has continued to increase while the charitable mileage rate hasn't budged since 1986. Source: U.S. Internal Revenue Service (IRS)

First, there is an understanding among rural volunteer transit providers that 14 cents per mile is not enough to incentivize volunteers, considering the amount of driving time and wear and tear on their cars they are being asked to take on. This has led many of them to offer drivers the business mileage rate of 58 cents instead. Volunteer driving, however, is technically charitable driving, and therefore, only 14 cents of that "reimbursement" is a reimbursement and can be

used as a tax deduction. The extra 44 cents per mile is taxable income in the eyes of the federal government, for which volunteer drivers receive a 1099 at the end of the year.

Second, for the many volunteer drivers who are retired and receiving Social Security, this additional income from driving poses a real problem.[12] While the amount of Social Security income a person receives during retirement depends on the wages and amount worked before retirement, working during retirement also affects how much Social Security income a person receives, specifically for those drawing Social Security between age 62 and their full retirement age (Table 1).[13] The fear of reducing their Social Security income by earning additional income is a “major disincentive” for would-be volunteers, says CCT Transit Director Cathleen Amick, as most rely heavily on their fixed incomes.

Table 1: Birth year determines full retirement age. Source: Social Security Administration

Year Born	Federal retirement age
1954 or earlier	66 years
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 or later	67 years

According to the Social Security Administration, if you are under full retirement age for the entire year, the SSA will subtract \$1 from your benefit payment for every \$2 you earn above the annual limit. For 2020, that limit is \$18,240. Table 2 gives an example: for a 64-year-old who receives a Social Security payment of \$1,500 a month (\$18,000 for the year) and works at a job earning \$2,000 a month or \$24,000 a year, that person’s Social Security payments would be reduced by \$2,880. The formula works a bit differently in the year the person reaches full retirement age, and beginning in the month they reach full retirement age, the limit on earning additional income is removed altogether.[14]

Based on this formula, the volunteer drivers most affected by additional earnings are those drawing Social Security income but not yet at full retirement age—in other words, the younger volunteer drivers.

Table 2: Hypothetical situation for a person age 64 (not yet at full retirement age) collecting Social Security retirement income but also working.

	Monthly	Annually
Income from Social Security	\$1,500	\$18,000
Income from a job	\$2,000	\$24,000
<b>Income before Social Security reduction</b>		<b>\$42,000</b>
Earned income above annual limit of \$18,240		
(\$24,000 – \$18,240)	\$480	\$5,760
<b>Amount Social Security income is reduced by</b>	<b>\$240</b>	<b>\$2,880</b>
New Social Security payment	\$1,260	\$15,120
<b>Total annual income</b>		<b>\$39,120</b>

### *No-Load Miles*

Between Greater Minnesota’s low population density and the ever-growing distances between rural hospitals due to closures and consolidations,[15] volunteer drivers are putting on an ever-increasing number of “no-load” miles, where the driver travels to or from a passenger’s home without the passenger. Residents in the state’s most rural counties travel on average three to four times farther than urban patients to receive care for all inpatient services. Depending on the region, volunteers may be driving anywhere between 30 and 90 minutes just to reach a client’s home.[16]

Compensation for no-load miles is not guaranteed. According to the Minnesota Department of Human Services, neither public nor private health insurers are required to cover no-load miles.[17] Most volunteer driver programs cover the additional cost of no-load miles with various private and public grants, donations and local taxes, but some do not reimburse for them at all. The transit providers that do cover no-load miles usually pay for them using grants, local taxes, and donations.[18]

### *Vehicle Insurance and Legal Questions*

Volunteer driving may raise vehicle liability insurance rates for drivers. Minnesota Statute chapter 174 (transportation) defines and regulates providers using volunteer drivers, while Chapter 65B (insurance) regulates the type of auto insurance coverage required for rideshare drivers or a ridesharing company, which is often more expensive than insurance for a personal vehicle. Unfortunately, the language regarding rideshare programs was ambiguous enough that it could also be applied to volunteer drivers.[19] The actual price of the insurance is left up to the individual insurance providers, which has resulted in some volunteer drivers paying more for the same insurance.



### *Regionalization of Transit Services*

The Minnesota Department of Transportation began encouraging county public transit systems to consolidate for various cost-saving reasons, but also to remedy policies that created reimbursement issues when a passenger needed to cross a county line. As the number of healthcare sites have decreased, rural patients need to travel between counties more often to access care. The confusion over which county-based transit provider was responsible for reimbursing the driver led to a statewide emphasis favoring regional transit over county-based systems.

Between 2009 and 2017, the number of public transportation systems in Greater Minnesota's 87 counties went from 76 to only 40, a 48 percentage-point drop.[20] Although this solution did indeed solve the reimbursement issues around crossing county lines, local leaders are now concerned that the change has reduced the number of voices actively recruiting new volunteer drivers at the local level. [21] In Roseau County on the Canadian border, volunteer drivers are now coordinated through the Tri-Valley Transportation service in Crookston or Paul Bunyan Transit in Bemidji, says Martin Howes, Roseau Co.'s Veteran Affairs Coordinator. Both locations are more than two hours away.[22]

### *The Case for Volunteer Drivers in Rural MN*

While it may be tempting to consider giving up on volunteer driver programs, data from the Minnesota Council for Transportation Access proposes that volunteer drivers save Greater Minnesota counties—and insurance companies—a considerable amount of money each year.

According to MCOTA's 2017 report, each volunteer driver's round-trip can save a county on average \$18 to \$185 depending on trip length and the type of alternative services available.[23] The study, which analyzed six different statewide volunteer transit programs against taxi, Special Transportation Services (STS), and non-emergency medical transportation (NEMT) costs, found that volunteer drivers saved transportation organizations from \$75,000 to nearly \$1.5 million annually (Table 3).[24]



Table 3: A sample of volunteer driver programs and estimated cost savings per year. Data: MCOTA 2017

Volunteer Driver Program	Service Area	Avg savings per round trip compared to nearest options	Annual Savings for riders compared to other transit options
Volunteer Services of Carlton Co.	Carlton County	\$47	\$226,896
Central Community Transit (CCT)	Kandiyohi, Renville, and Meeker counties	\$43	\$615,246
Community Action Partnership (UCAP)	Cottonwood, Jackson, Lincoln, Lyon, Murray, Pipestone, Redwood and Rock counties	\$73 - \$185	\$584,000-\$1,480,000
SEMCAC's Volunteer Driver Program	Dodge, Houston, Fillmore, Olmsted and Rural Winona counties	\$20	\$191,756
Faith-In-Action Red Wing	Goodhue County	\$18 - \$24	\$74,920 - \$101,800
Faith-In-Action Cass Co.	Cass County	\$33 - \$185	\$64,000 - \$352,000

In comparison to the cost of using NEMT busing, United Community Action Partnership's volunteer driver program saves about \$73 per round trip, for a total of \$584,000 in a year. When comparing UCAP's use of volunteer drivers to taxi services, the comparative savings are even greater, around \$185 per round trip, or about \$1,480,000 in a year.[25]

## Policy Alternatives and Trade Offs

Table 4 displays alternatives and trade-offs of policy options that could be chosen moving forward. The plus and minus signs indicate whether choosing that option would result in positive or negative outcomes in terms of political feasibility, cost effectiveness, rider accessibility, and volunteer incentives. An analysis of each option and its benefits and barriers follow.

Table 4. Alternatives and trade-offs matrix

	Alternative	Politically feasible?	Cost savings for state and local governments?	Increases rider accessibility?	Incentivizes volunteers?
1	End volunteer driver programs in favor of expanding regional public transit in Greater MN	—	—	—	—
2	Federal legislation to change tax code and increase charitable mileage rate above the current \$0.14	+	+	+	+
3	State reimburses transit providers for no-load miles	+ / —	—	+ / —	+ / —
4	MN Legislature clarifies insurance requirements for volunteer drivers	+	+	+ / —	+
5	MN Legislature Increases maximum subtraction of taxable Social Security benefits	+	—	+ / —	+ / —
6	MnDOT increases community outreach for volunteer requirement	+	+	+ / —	+

**1. End volunteer transit in favor of expanding other regional public transit options in Greater Minnesota.**

One option is to sacrifice the volunteer driver program altogether in favor of expanding the public transit system in Greater Minnesota. Given the low population density and distances between homes and urban centers, building such an infrastructure would be tedious and expensive. MnDOT’s 2019 transit plan states that it would take an investment of more than \$159 million to meet 100% of transit needs.[26] Given the cost savings and flexibility of volunteer drivers, a fixed transit system would not be feasible.

**2. Federal legislation to change tax code and increase charitable mileage above \$0.14/mile.**

The volunteer mileage reimbursement rate was set at a fixed rate of 14 cents per mile in 1986 and has not been updated since. A bill introduced in Congress in March of 2013 sought to raise the volunteer mileage rate to the business rate but failed to pass. In 2019, Minnesota Congressmen Collin Peterson (D-MN) and Pete Stauber (R-MN) proposed the Volunteer Driver Tax Appreciation Act (HR2072), a bill that would increase charitable mileage reimbursements



to the standard business rate of 58 cents per mile. It is currently waiting to be heard in the U.S. House of Representatives' Ways and Means Committee.[27] This option is entirely dependent on Congress. Though there is evidence of bipartisan support for the measure, it has not received any major attention in Congress.

Despite the uncertainty of this alternative, it would likely be the most effective at curbing the volunteer driver deficit by alleviating the concern for potential volunteers that additional income would lead to a reduction in benefits.

### **3. State reimburses transit providers for no-load miles or provides some supplemental financial support.**

One way to attract more volunteer drivers would be for the state to reimburse organizations that pay for no-load miles. Because no-load miles are not covered by Medicare, Medicaid or healthcare insurance, reimbursing drivers increases the financial burden on local and regional transit organizations that do cover these miles. Providing the extra incentive of no-load mileage reimbursement using state funds would ease strain on local transit providers, perhaps leaving more funds for recruiting new drivers and improving services.[28] Any state reimbursement above 14 cents, however, would only increase the potential impact on Social Security income of volunteer drivers.

### **4. Minnesota Legislature clarifies insurance requirements for volunteer drivers**

As mentioned in our analysis, Minnesota Statute requires higher levels of auto-insurance coverage for rideshare drivers and/or ridesharing companies. Unfortunately, the rideshare language created ambiguity regarding insurance for volunteer drivers.[29]

MCOTA suggests that there is a common-sense distinction between these two services: volunteer drivers receiving charitable mileage reimbursement are a substantially different group from other drivers seeking income either as subcontractors or employees, and they would therefore be exempt from the insurance requirements.[30] Accepting this policy should be relatively easy for the state legislature as long as they are provided with a solid case for why charitable mileage reimbursement is different from contractual earnings due to ride share.

### **5. Minnesota Legislature increases maximum subtraction of taxable Social Security benefit**

Because earned income may increase the amount of taxable Social Security benefits, the Minnesota Legislature could expand existing legislation to increase the minimum subtraction of taxable benefits, granting more wiggle room for volunteers accruing earned income through the volunteer driver program.

In 2017 the State of Minnesota passed legislation that allows tax filers to subtract a flat amount from their Social Security income subject to state income tax: \$4,500 for married couples filing a joint return, \$3,500 for single and head of household filers, and \$2,250 for married separate filers.

While expanding this legislation could help with the taxable income issue, the policy only addresses state income tax and is not targeted specifically toward volunteer drivers. It therefore may not succeed in incentivizing more people to participate in volunteer driving.

**6. MnDOT works with regional transit systems to increase community outreach for volunteer recruitment**

MnDOT already performs community feedback sessions in rural communities across the state for their annual transit investment plan. One criticism of regionalizing transit services is the lack of community-based recruiting; MnDOT could help bridge this gap by actively recruiting volunteers while performing community feedback sessions. Increasing recruitment efforts are unlikely to restore volunteer driver numbers completely, as reimbursement issues remain the most important factor dissuading individuals from volunteering, but it could help.

### In summary

As the number of volunteer drivers continues to fall and the number of riders trend upward, Greater Minnesota is in danger of losing one of its most important tools for healthcare and transit access. Volunteer drivers provide essential transit services for some of our rural communities' largest and most vulnerable populations. Letting volunteer numbers continue to fall will cost the state, counties and residents in terms of not just dollars, but also diminished health and quality of life.

### Notes

[1] Minnesota Department of Transportation (MnDOT), "Greater Minnesota Transit Investment Plan," February 2018, Page 3.

[2] MnDOT, "Advancing Transportation Equity in Minnesota Report," December 2019.; MnDOT, 2015 Annual Transit Report. ; Frank Douma, Minnesota Council on Transportation Access, "Volunteer Driver Programs in Minnesota: Benefits and Barriers," February 2017.

[3] Frank Douma, Minnesota Council on Transportation Access, "Volunteer Driver Programs in Minnesota: Benefits and Barriers," February 2017. Page 10.

[4] Ibid.

[5] Minnesota Council on Transportation Access, Minnesota Volunteer Driver Program Forum, Summary Report, May 2018.

[6] Interview, Cathleen Amick, CCT Transportation Director, June 20.

[7] MnDOT, Minnesota Go: Markets for Transit and Trends in Greater Minnesota, Chapter 4, 2018.



- [8] Minnesota Department of Transportation, "Greater Minnesota Transit Investment Plan 2010 On-Board Survey Tech Memo" August 2010. ; Center for Rural Policy and Development, "Rural reality: City transit, rural transit," January 2016.
- [9] Rural Health Information Hub, Topics: "Healthcare access in rural areas," 2018.
- [10] Syed, Samina T et al. "Traveling towards disease: transportation barriers to health care access." Journal of community health vol. 38,5 (2013): 976-93.
- [11] Jerry Zhao, Minnesota Council on Transportation access, Cost-Benefit Analysis of Volunteer Driver Programs: Minnesota Case Studies, August 2017.
- [12] Minnesota Department of Revenue, "Volunteer Mileage Reimbursement," 2020.
- [13] A portion of Social Security benefits are always taxable.
- [14] Social Security Administration, "Retirement benefits while working," 2020.
- [15] Center for Rural Policy & Development, "Integrating rural into the new reality of healthcare," Kelly Asche & Marnie Werner, May 2020.
- [16] MnDOT, Minnesota Go: Markets for Transit and Trends in Greater Minnesota, Chapter 4, 2018. ; Interview, Sue Grafstrom, Roseau County Emergency Manager for MDH, June 25, 2020.
- [17] Minnesota Council on Transportation Access, "NEMT Coordinators in Minnesota," September 2013, Page 18.
- [18] Jerry Zhao, Minnesota Council on Transportation access, Cost-Benefit Analysis of Volunteer Driver Programs: Minnesota Case Studies, August 2017.
- [19] Frank Douma, Minnesota Council on Transportation Access, "Volunteer Driver Programs in Minnesota: Benefits and Barriers," February 2017.
- [20] MnDOT, "Minnesota Olmstead Plan," August 2015. ; MnDOT, "Greater Minnesota Transit Investment Plan," January 2011. ; MnDOT, "2018 Greater Minnesota Transit Report," February 2019.
- [21] Interview, Sue Grafstrom, Roseau County Emergency Manager for MDH, June 25, 2020. ; Center for Rural Policy and Development, "Rural reality: City transit, rural transit," January 2016.
- [22] Interview, Martin Howes, Veterans Affairs Coordinator (including volunteer transit), June 26.
- [23] Ibid.
- [24] Studied transit providers in these counties: Carlton, Cass, Red Wing, Cottonwood, Jackson, Kandiyohi, Lincoln, Lyon, McLeod, Meeker, Redwood, Renville, Dodge, Fillmore, Houston, Steele, Waseca, and Winona.



[25] Frank Douma, Minnesota Council on Transportation Access, "Volunteer Driver Programs in Minnesota: Benefits and Barriers," February 2017.

[26] MnDOT, "2019 Rural Transit Report," Page 13, Table 4.

[27] 116th Congress (2019-2020), Summary of H.R.20721.

[28] Jerry Zhao, Minnesota Council on Transportation access, Cost-Benefit Analysis of Volunteer Driver Programs: Minnesota Case Studies, August 2017.

[29] Frank Douma, Minnesota Council on Transportation Access, "Volunteer Driver Programs in Minnesota: Benefits and Barriers," February 2017.

[30] Ibid. Page 2.