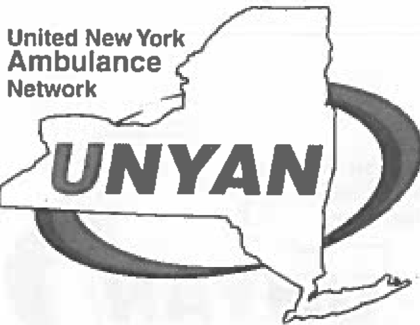


United New York Ambulance Network (UNYAN)

BUDGET MEMORANDUM

Executive Budget Proposal 2019-20

1. **OPPOSE:**

Elimination of Medicaid payments for Medicare Part B coinsurance for Ambulance Services: Crossover Coverage

Part C, Section 3 of S1507/A2007 HMH Article VII Budget Bill

2. **OPPOSE:**

Elimination of Supplemental Medicaid Payments for Ambulance Providers:

Part A, Section 2 of S1507/A2007 HMH Article VII Budget Bill

3. **SUPPORT:**

Medicaid Transportation Rate Adequacy:

DOH administrative Health Care Investment, $3.1 (state) for Ambulance Rate Adequacy Increase

4. **SUPPORT:**

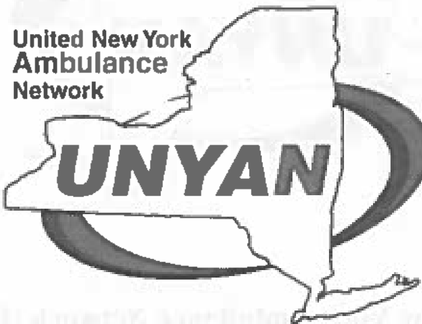
Managed Long Term Care Transportation Carve-out

Part A, Section 1 of S1507/A2007 HMH Article VII Budget Bill

5. **SUPPORT:**

Single Payer Healthcare Commission

Part N of S1507/A2007 HMH Article VII Budget Bill



United New York Ambulance Network (UNYAN)

Testimony submitted to the New York State Joint Legislative Budget Hearing on Health

Executive Budget Proposal 2019-20

The United New York Ambulance Network (UNYAN) is a statewide trade organization comprised of over 35 commercial ambulance services whose mission is to promote the delivery of high-quality and timely emergency medical care in a cost-effective manner whenever and wherever our members are called upon to provide Emergency Medical Services (EMS). Our members service the state from Buffalo to New York City and Nassau to the North Country. Commercial ambulance services in New York answer 40% of all emergency calls and 78% of all non-emergency calls according to DOH data. Twenty-one of the State's largest 25 cities are utilizing commercial ambulance services to provide 911 emergency services to their residents.

While the commercial services are not the sole provider of EMS services in New York State, they as a group provide the majority of services, yet receive the least amount of government funding in the provision of that care. Unlike their counterparts incorporated under the fire services or municipally operated ambulance services, the majority of the revenues that commercial services receive to fund their operations comes from a fee-for-service model. When municipalities contract with commercial ambulance providers under this model, the majority of municipalities pay little or no yearly appropriation for EMS. The commercial ambulance service will only invoice the patients or their insurers that actually use this service. It is overwhelmingly the most cost effective manner for a municipality to ensure the provision of high-quality emergency medical care for their citizens. Not having to divert municipal funds for EMS has enabled a large number of our cities to stretch their resources among their other critical needs.

The commercial ambulance sector is also critical to many rural communities as our members reach out and support rural operations by providing Advanced Paramedic Care to smaller rural services. This increased level of emergency medical care is unaffordable to many rural communities on their own and wouldn't exist without a strong commercial ambulance sector.

The commercial providers assume almost all of the financial risk in this delivery system. When lawsuits arise, as they often do in our litigious society, commercial ambulance providers insulate municipalities from risk of liability in providing emergency care in their communities.

Depending on your region, EMS protocols mandate that critically ill patients be transported to the appropriate Trauma, Stroke and Cardiac hospitals. Many of these transports take a longer time for EMS vehicles and crews. These transports may be inter-facility but are considered emergency calls with barely stable patients that require the technology and services of larger hospitals. There are some EMS agencies who have very few emergency medical personnel to cover calls and will turn over most of their requests for service. This can cause a substantial delay in emergency patient care that can adversely affect the outcome of these seriously ill patients. The commercial ambulance industry has a long history of providing Basic Life Support (BLS) ambulances for mutual aid requests and Advance Life Support (ALS) resources for intercepts with our EMS colleagues.

We are mandated responders. When we commit to providing emergency 911 EMS services, we are never allowed to ask about the ability of a patient to pay for the emergency care their condition requires. To do so would be unethical and could be construed to prejudice the care provided to a patient based on their financial means. We have a duty to act when called, we must respond quickly, provide the medical care required, and must transport the patient to a local hospital. We would never seek to change this basic principle, but in any other type of service industry it would be tantamount to extending credit to everyone who walked in your door asking for your service without any commitment on their part to eventually pay for that service. Not many businesses would agree to those terms. Unlike other medical or dental practices that have the ability of deciding whether they will agree or decline to provide services to patients based on insurance coverage or ability to pay for services, we simply cannot.

Not only are we mandated responders but we have a duty to be ready to respond quickly. Many of our EMS providers have contractual relationships with the municipalities we serve to have response times of six to seven minutes for 911 emergency calls. Services providing 911 care must have built in readiness to ensure resources are available to respond when a 911 call comes in. Ambulances must, on average, spend 68% of their time sitting on street corners or in fixed locations waiting to respond and only 32% of their time actually responding to and caring for patients. This ratio is necessary to ensure there are enough available resources to respond when needed. In contrast, ambulance services that provide non-emergency transportation, such as transferring stable patients to and from hospitals and skilled nursing facilities, can afford to be more efficient, with up to 50% of their time spent responding to and caring for patients. As these types of call are scheduled, resources can be planned accordingly.

While we can all easily appreciate the critical and timely service of our EMS professionals during 911 emergency calls for EMS service, the emergency inter-facility calls are also critical for patients and the healthcare system. Patients who require skilled services of more advanced

hospitals are transported by ambulance to larger and more equipped hospitals. The inter-facility emergency transports, the majority of which are provided by commercial EMS companies, are of course essential to patients which require advanced medical care. Furthermore, our ambulances are the connection between hospital systems. EMS connects patients and facilities so patients get the care they need and have better outcomes and hospital are utilized most efficiently.

There is a growing and potentially disastrous financial frustration within the ambulance industry because we are so heavily reliant on the capped and below cost reimbursements of Medicaid and Medicare as well as HMOs and high annual deductible health plans acquired through the Affordable Care Act. There are also no funds associated with indigent care available to the ambulance industry.

In 2016, 22 volunteer ambulance corps succumbed to the financial pressures of reduced funds and the difficult task of retaining ambulance personnel. In 2017, 12 certified agencies closed, one a village operated service, the 11 others volunteer services. There have been several more volunteer services that have closed in 2018. The commercial ambulance industry has also had their share of financial troubles. Several years back, the largest commercial provider, nationwide and with a substantial New York presence, declared bankruptcy. Thankfully they were able to reorganize and come out of that bankruptcy. The largest private ambulance provider in Westchester and NYC was not so fortunate. TransCare suffered from severe financial distress and with very little notice to the communities and patients they served, closed in February of 2016.

Our members have seen sharply rising costs associated with personnel, healthcare benefits, pharmaceutical and medical equipment stock, fuel and insurance expenses for operating their businesses as well as from collection costs associated with out-of-network insurance carriers who pay the patients instead of paying ambulance providers directly. Providers are owed millions of dollars from unscrupulous patients who keep the insurance checks rather than paying the ambulance providers. Direct payment to ambulance providers (S2527 Seward/ A343 Magnarelli, 2017-18 bill numbers) would alleviate the collections concerns and immediately direct payments to ambulance companies for the life-saving service they provide. Insurance companies are already paying out these funds. This legislation would simply redirect the reimbursement directly to the provider.

All of these financial constraints lead to a weakening emergency medical service system.

Some of the Executive Budget Proposals would exponentially harm the viability of EMS providers and the patients we serve. The following are UNYAN's positions on the Executive Budget Proposals which relate to ambulance transportation.

OPPOSE:

Crossover Coverage: Elimination of Medicaid payments for Medicare Part B coinsurance for Ambulance Services

Part C, section 3 of S1507/A2007 HMH Article VII Budget Bill

Under Part B of the federal Medicare program, only a portion of the cost of care is paid, leaving the remainder to be paid through beneficiary cost-sharing in the form of deductibles and co-payments. Generally, Medicare pays 80% of the approved amount for covered services. Currently, Medicaid pays remaining 20% for the deductibles and co-payments for "dual-eligibles", those beneficiaries eligible for both Medicare and Medicaid.

Currently ambulance service is a covered service for the Medicaid "crossover" reimbursement payments for dual-eligibles, low-income and elderly New Yorkers. The Executive has proposed elimination of the crossover payments for ambulance providers.

UNYAN is very concerned that the elimination of the Medicaid cost sharing for dual-eligible recipients will cripple ambulance services throughout the state and would seriously diminish our ability to maintain services levels. In 2018, these Medicaid crossover payments for UNYAN members amounted to $13.6 million (state and federal). We are unable to replace this lost revenue from other sources. A loss of this magnitude by an industry that is already struggling financially will lead to commercial ambulance providers ceasing to operate. Communities will lose EMS service. Patients will be put at risk and ultimately suffer. Patients not serviced quickly by EMS will have worse medical outcomes and higher healthcare costs.

The state estimated the elimination of crossover payments for ambulance providers as a savings of $8.75 million (state) for three quarters of SFY 2019-20 and $11.65 million (state) when fully implemented in SFY 2020-21. While the commercial EMS sector is shouldering a substantial portion of the Medicaid decrease, any EMS provider that bills for service is also being harmed by this proposal: municipal, fire based, volunteers and hospital based EMS providers all lose.

Ambulance providers are prohibited from 'balance billing' our patients. We must accept what their insurance reimbursement payment is. In this case, we must accept the 80% Medicare reimbursement. We cannot bill the patient for the lost 20% of the cost of providing service. This lost income is not replaceable and at best will lead to difficult financial decisions for our member companies and at worst will lead to commercial ambulance providers closing their businesses.

NYS Department of Health in March of 2017 issued the Medicaid Rate Adequacy report stating that ambulance services are under-reimbursed by Medicaid. This proposal to eliminate the Medicaid crossover coverage for dual-eligible low-income and elderly patients further exacerbates the financial struggles of ambulance providers. Any proposed increases in Medicaid transportation rates for ambulance providers would be negated many times over if the crossover payments are eliminated. The elimination of crossover payments sets us back years in terms of Medicaid Rate Adequacy.

UNYAN respectively urges the reinstatement of ambulance crossover payments for Part B dual eligible Medicaid and Medicare patients to preserve the viability of ambulance transportation in all areas of the state.

SUPPORT:

Medicaid Transportation Rate Adequacy:

There are currently over 6 million New Yorkers enrolled in the Medicaid program. Medicaid ambulance transports are also increasing each year in our urban centers across the state. UNYAN member companies in Rochester report that 53% of their calls are to Medicaid recipients, in Albany it is 42%, in Syracuse it is 40% and Buffalo is at 38% Medicaid call volume. Furthermore, the majority of those calls in the urban centers are 911 emergency calls. The cost of readiness for the EMS providers with this very high percentage of 911 emergency work puts a tremendous financial burden on the system.

Emergency medical service Medicaid rates vary county-by-county, with each county having their own rate structure. The state has recently shifted the rate setting power from the counties to the state level. Although the Medicaid rate varies by county, the impact on the commercial services is the same: **The reimbursement does not cover our costs to provide that service.** With such large proportions of total call volume reimbursing substantially below cost, the fiscal viability of EMS is in jeopardy.

The 2016-17 State Budget required the Department of Health to undertake a study of Medicaid Transportation Rate Adequacy. DOH devised a survey for ambulance providers and released it via email. We expressed to DOH the numerous concerns we had with the survey questions, instructions and roll out. There were incomplete questions which did not attempt to capture many of the costs associated with providing service and did not take into consideration the various record keeping models associated with the various types business organizations. Most concerning to some providers was that the financial information submitted to DOH for the survey would be subject to Freedom of Information Act. Some commercial providers view this financial information as proprietary.

The response rate of the DOH study was low. Only 12% of the Medicaid enrolled ambulance providers completed the survey. Further only 2.8% of those respondents completed the survey with complete data.

The commercial ambulance industry in an effort to furnish DOH with safe, accurate and complete data regarding Medicaid Rate Adequacy hired The Moran Company to survey and report for us. This is a nationally recognized firm with experience in studying ambulance costs. The Moran Company worked with the American Ambulance Association to study costs on the national level, a study which took two years to complete.

Eleven upstate and twelve downstate commercial ambulance providers worked with The Moran Company to study Medicaid Rate Adequacy and service costs. The upstate study found the average operating cost to provide ambulance service in urban areas is $304, in rural areas it is $543. The Medicaid reimbursements rates range from $105 to $190 depending on county. The downstate report showed the average cost per transport to be $281-$308 with Medicaid reimbursing only $155 for BLS and $200 for ALS calls. The results are clear, **Medicaid rates do not come close to covering the cost of providing ambulance service.**

The Department of Health released the Medicaid Ambulance Rate Adequacy Report in March 2017. It estimated the mean cost of ambulance trips to be $304 upstate and $247 downstate, for a statewide mean of $275.50. DOH recognized that the cost of providing services is higher upstate ($304) than downstate ($247) this is primarily due to the cost of readiness. It is more expensive to be ready 24/7/365 for 911 emergency medical service versus scheduled non-emergency interfacility transports. Yet this statewide average does not accurately represent the variance in cost structure between predominately 911 emergency providers and non-emergency inter-facility providers. The average creates a situation where Medicaid will reimburse 911 providers below the mean and reimburse non-emergency providers above the mean.

DOH proposed reimbursement rates at 75% the cost of providing service for statewide rates of $188.70/BLS and $224.63/ALS. The fiscal impact of adjusting the current ALS and BLS rates to 75% of trip cost is estimated to cost $31.4 million (state share $15.7 million).

DOH's recommendation to average upstate and downstate cost structures artificially decreases the cost of providing service upstate and artificially increases the cost of providing service downstate. The DOH proposed rate structure gives more weight to doing non-emergency BLS and ALS calls than doing emergency BLS and ALS calls. A provider that is doing only non-emergency work downstate is much closer to covering its costs than a provider doing 911 work upstate.

The proposed Medicaid rate recommendations do not factor in patient transport mileage rate increases which are greatly needed especially in upstate and rural areas.

We applaud DOH for recognizing the inadequacy of Medicaid transportation rates for ambulance service. While we struggle with the recommended rate structure, we are encouraged by and fully support the continued commitment to fund the Medicaid rate increase for an additional $3.1 million (state) in SFY 2019-20.

OPPOSE:

Elimination of Supplemental Medicaid Payments for Ambulance Providers:

Part A, Section 2 of S1507/A2007 HMH Article VII Budget Bill

In the State budgets 2005 through 2009 and again in 2014 through today funds were appropriated for a supplemental Medicaid payment to ambulance services, with payments based upon each respective ambulance services percentage of Medicaid billing. This was viewed as an immediate relief measure to assist all ambulance providers who serve and are under-reimbursed for Medicaid patients: commercial, municipal and volunteer services.

The Executive has proposed ending supplemental Medicaid payments. DOH would administratively reprogram the $3 million (state share) supplement funds according the recommendations of the Medicaid Ambulance Rate Adequacy Report.

The members companies of UNYAN are concerned with the financial impact of losing the supplemental Medicaid payments while waiting for full implementation of the proposed rate change. Furthermore, there are several upstate counties who will see no Medicaid rate increase under the current DOH rate proposal, yet are losing supplemental Medicaid payments. Most concerning is the impact of losing the supplement on the companies who do the lion's share of Medicaid transportation work in the urban centers of Rochester, Albany, Syracuse and Buffalo. Loss of the supplemental funds will have a severe negative impact on the financial viability of our member companies.

In the SFY 2019-20 budget, we are respectively seeking to restore supplemental Medicaid payments for ambulances at the level of $6 million (all funds). These supplemental payments help to immediately fill with gap between the extremely low Medicaid reimbursement rates and the ever rising cost of providing patient care. The supplemental payment program is in place and operating successfully with matching federal funds. By ending this program, the $3 million federal matching funds for EMS in NYS are lost.

We believe that a robust EMS system can aid in cost savings to the healthcare system. We are the gateway to the healthcare system. Actions taken in the field and in the ambulance have shown to better downstream patient outcomes, thus saving healthcare costs. As many healthcare providers in the Medicaid system engage in DSRIP, actions taken by ambulance providers become even more critical to maintain costs in the healthcare continuum. We would welcome the opportunity to further discuss how we can better the healthcare system with ideas of Community Paramedicine, Treat and Release provisions and Alternate Destination programs.

We value our long-standing working relationship with the New York State Volunteer Ambulance and Rescue Association (NYSVARA). The volunteer ambulance corps, which are so vital to a strong emergency medical system, are also greatly benefited by supplemental Medicaid funds.

We value our employees, some of who put their lives on the line each day to treat patients. Additional Medicaid funding would help us to increase wages and benefits available to our employees.

UNYAN members are grateful for increased funding and for the recognition of the importance of the service we provide to communities coupled with the difficulties faced with below cost Medicaid reimbursements. We look forward to working with decision makers to implement fair and meaningful Medicaid rate reform.

SUPPORT:

Managed Long Term Care Transportation Carve-out

Part A, Section 1 of S1507/A2007 HMH Article VII Budget Bill

UNYAN fully supports the proposal to carve-out the transportation benefit from the Medicaid Managed Long Term Care (MLTC) benefit package and shift those transportation services to fee-for-service provided through the state's Transportation Managers. Currently Managed Care Organizations (MCOs) are responsible for coordinating MLTC transportation services which include non-emergency ambulance transportation services.

With each MLTC plan operating their own transportation program, there are inherent inefficiencies in the current MLTC transportation system. The plans do not coordinate or communicate with one another regarding patient transportation logistics. For example, ten different MLTC plans could assign ten different transportation providers to pick up ten different Medicaid patients that reside in the same neighborhood and are each going to the same general location for medical appointments. These inefficiencies lead to waste in time and fuel, and increase traffic congestion and environmental pollution. Consolidating the MLTC transportation program with the Medicaid Transportation Managers would lead to better routing, where two or three vehicles could be used to pick up the geographic cluster of patients.

MLTC plans either utilize transportation brokers on their own or have in-house transportation departments to coordinate patient transportation. The funding or the outsourcing of the transportation functions has a cost burden that replicates an already existing infrastructure with the Medicaid Transportation Managers. Consolidating the programs would yield program savings that could be utilized more directly into quality transportation service for Medicaid patients.

Some MLTC plans reimburse for services provided significantly slower than Medicaid does. UNYAN members in the NYC area are experiencing nine to twelve months delay on payments for services provided through MLTC plans, with hundreds of thousands of dollars being essentially held in arrears by the plans. Some MLTC plans also routinely reimburse below the approved Medicaid rate. This is financially straining the ability of quality providers to provide quality care and service not only to MLTC patients but all ambulance transportation patients.

The ambulance industry works in concert with the state's Medicaid Transportation Managers to better coordinate Medicaid patients' non-emergency ambulance transportation. Transferring the transportation needs of patients with MLTC benefits to be in line with those of

mainstream Medicaid patients would be beneficial to UNYAN members. We urge your support for the MLTC transportation carve out in the final budget.

SUPPORT:

Single Payer Healthcare Commission

Part N of S1507/A2007 HMH Article VII Budget Bill

The Executive has proposed the creation of joint Department of Health and Department of Financial Services commission to study the options for achieving universal access to healthcare in New York State. UNYAN supports the commission and the goal of providing access to high quality and affordable healthcare to all New Yorkers. We would welcome the opportunity to provide the perspective of the emergency medical services industry to the commission.

The topics of universal health coverage and access to high quality yet affordable healthcare are timely ones. UNYAN members struggle with the frustrations of the many and varied health insurance programs of the patients we serve. It is a full-time job, many times over, just get reimbursed for the healthcare services we provide. We also feel the financial pain of providing service to those who are un-insured or under-insured, those patients who struggle to pay for their medical bills and those who simply cannot afford to pay. As mandated responders, emergency ambulance service is essentially a right for all those who call 911. Yet, there is no mandate to pay for this right.

Medicaid and Medicare combined, both under government control, comprise approximately 70% of all reimbursement for ambulance transports. In essence, we have a near single-payer system now and that system reimburses EMS below the cost of providing service as outlined in the NYS DOH Medicaid Ambulance Rate Adequacy study of 2017 and the GAO Medicare Ambulance Cost study of 2012. Any single payer system must not mimic the inadequacies of what we currently have.

Single payer healthcare is an expensive endeavor and would be a massive undertaking. The creation of a commission to study the issue, the options and the potential consequences, both short and long term is commendable. UNYAN lends our support and our EMS expertise to the discussion.

Summary:

It is hoped that you have a better appreciation for the magnitude of the role that commercial ambulance services have in EMS throughout New York State, and how many residents depend on them every day. They are an indispensable part of our emergency services and the gateway to the medical system. They allow many municipalities to have access to EMS that they otherwise would either not be able to afford it, or would have to spend millions of dollars to replace each year. They have stepped up and invested in our cities and communities, and millions of our residents have

benefited from their commitment. Without the attention and assistance identified herein there is a real threat to the continuation of EMS coverage that New Yorkers have become accustomed to, not because of an unwillingness to serve, but because of the fiscal practices of the State of New York and its various divisions. The solution that will fix this situation is complicated, but implementing the improvements in Medicaid reimbursements will go a long way towards correcting this inequity and avoiding a more costly eventual fix.

We urge you to include Medicaid ambulance rate increase funding and supplemental payment funding, the MLTC transportation carve-out, and encourage the restoration of the ambulance crossover payments for low income elderly New York beneficiaries into the current proposed budget.

We pledge to always put our patients first by providing the latest technology and highly trained para professionals to every patient every time we respond to their need for our services. We are proud to serve this great State, but cannot do it without your continued help and support.

For Additional Information Contact:

United New York Ambulance Network

25 Elk Street, Albany, NY 12207

Phone: 607-756-8389 / Email: info@unyan.net / www.UNYAN.net