

Medicaid Ambulance Rate Challenge

There is a significant cost shift problem occurring with ambulance reimbursement rates that continue to grow. For example in 1994 Medicaid reimbursement rates were 25.8% of billed charges compared to 12% for 2014.

1. An itemized and detailed budget showing how you would anticipate spending the requested funding should it be approved.

Funds appropriated would be used to increase the current base rate of \$142.72 to the amount appropriated by the legislature plus 2.37 times that amount (federal contribution) and applied equally to all ambulance base rates. Ideally providing additional general funds to allow the Medicaid ambulance rates to match the Medicare rates for paramedic ambulance transport, \$2,481,600 of general funds would be required which in turn would leverage \$5,881,392 in federal funds for a total of \$8,362,992. **Even at this level of funding, providers would receive 33% of the authorized base rate allowed under regulated rates.**

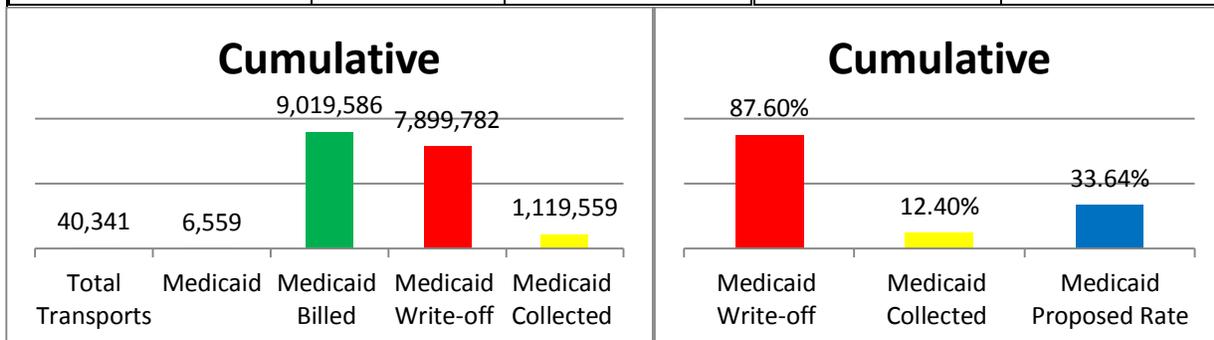
For illustration purposes increases from \$1,000,000 to \$2,481,600 would provide the following:

State Funds	Federal Funds	Increase Base from 142.72	% of Base	Medicare ALS-1 309.16/85.18	% of Base
1,000,000	2,370,000	243.98	20.52%	394.34	33.17%
2,000,000	4,740,000	345.22	29%	394.34	33.17%
2,481,600	5,881,392	393.91	33.13%	394.34	33.17%

2. Outcome measures associated with the requested funding in order to determine the success of the funding provided.

A sampling of 16 public ambulance providers was collected showing the degree of this cost shifting problem. In 2013 the 16 agencies completed 40,341 ambulance transports of which 6,559 (16.26%) were Medicaid patients. The 6559 accounted for charges of \$9,019,586 of which \$7,899,782 (87.6%) was written off and just \$1,119,559 (12.4%) was collected. Applying the additional funding requested towards the sampling of the 16 agencies for 2013 the following would have occurred:

Additional Funding	Billed	Collected	Written Off	
Current 2013	9,019,586	1,119,559	7,899,782	87.6%
1,000,000	9,019,586	1,850,819	7,168,767	79.5%
2,000,000	9,019,586	2,615,680	6,403,906	71%
2,481,600	9,019,586	2,988,189	6,031,398	67%



City	Total Transports	Medicaid	Medicaid Billed	Medicaid Write-off		Medicaid Collected		Medicaid Proposed Rate
American Fork	1,720	192	\$311,412	\$270,494	86.9%	\$40,918	13.1%	30.1%
Iron County	1,857	247	\$439,416	\$379,523	86.4%	\$59,893	13.6%	30.2%
Layton	2,694	333	\$228,801	\$170,460	74.5%	\$58,341	25.5%	63.0%
Lone Peak	453	64	\$72,812	\$64,869	89.0%	\$7,943	11.0%	26.5%
Millard County	487	64	\$149,760	\$137,069	91.5%	\$12,691	8.5%	30.5%
North View	900	77	\$119,042	\$105,518	88.6%	\$13,524	11.4%	31.0%
Ogden	7,781	1,492	\$2,178,320	\$1,920,685	88.2%	\$257,390	11.8%	31.9%
Pleasant Grove	570	69	\$97,688	\$85,729	87.8%	\$11,959	12.2%	30.3%
Provo	2,379	365	\$385,311	\$324,439	84.2%	\$60,872	15.8%	39.5%
Riverdale	366	50	\$67,850	\$52,335	77.1%	\$15,515	22.9%	32.5%
Roy Fire	2,318	552	\$760,104	\$725,304	95.0%	\$34,800	5.0%	33.6%
South Davis	3,237	265	\$382,928	\$331,102	86.5%	\$51,826	13.5%	31.8%
South Salt Lake	1,848	673	\$1,090,260	\$995,145	91.3%	\$95,115	8.7%	26.5%
Unified Fire	11,521	1,456	\$1,909,373	\$1,632,331	85.5%	\$277,042	14.5%	34.4%
Weber Fire	207	5	\$7,298	\$6,272	85.9%	\$1,026	14.1%	31.9%
West Valley	2,003	655	\$819,211	\$698,507	85.3%	\$120,704	14.8%	34.5%

Even with an additional \$2,481,600 of general state funds which would provide an additional \$5,881,392 in federal funds the reimbursement rate for ambulance base rates for Medicaid patients would roughly match the current prevailing Medicare rate of reimbursement of 33% and contractually writing off 67% of billed charges. I have been in contact with Deputy Director Michael Hales from the Department of Health who helped me validate these figures.

The current ambulance rate regulation system is derived from annual fiscal reports submitted by ambulance providers to the Bureau of EMS. The financial information of costs for services and revenues received is the basis of rate setting. Success of this additional funding will show up in overall improved collection rates for services performed. In turn this improvement will allow the rates to stay the same or possibly be reduced due to this overall improved collection rate.

Outcome Measure

Once the new rates are in place for a full year the Bureau of EMS fiscal reporting process will reflect the improved collection rate and the effect on rate adjustment. This information can be provided back to you.

In a study performed on Utah ambulance rates in 2003 by an outside financial firm estimates for 2004 was gross billings for ambulance transportation for Medicaid patients of \$5,540,418 and collections of \$2,056,977 or **37%**. Compare this to the current rate of reimbursement for the 16 public agencies of **12.4%**.

There is a significant cost shifting happening where private payers and private insured are picking up a large difference of cost for these services. Those agencies with larger populations of Medicaid patients need even greater local tax payer support to offset the high write offs as well.

On behalf of the ambulance providers who participated in the collection of this data, we thank you for considering the complicated issue. Rest assured ambulance providers in the State of Utah will always care for those in need regardless of ability to pay for services.