



United New York Ambulance Network (UNYAN)

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

Executive Budget Proposal 2014-15

The United New York Ambulance Network (UNYAN) is a statewide trade organization comprised of forty 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). Commercial ambulance services in New York answer 40% of 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 basis. Under a fee-for-service basis, the majority of municipalities pay little or no yearly appropriation for EMS, and the commercial service only invoices the patient or their insurer 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 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.

Medicaid Reimbursement:

Emergency medical service Medicaid rates vary county-by-county, with each county establishing their own rate structure. Not one of the counties has ever employed a methodology to calculate their ambulance service rates that is based on the ambulance provider's cost of providing that service. Compounding the dilemma is that there has been no meaningful readjustment of those rates in many counties in well over 10 years. 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.** A survey of our members showed that Medicaid reimbursement rates are 30% to 50% below the cost of providing service. Since many of the Medicaid recipients requiring ambulance services live in our cities, and since commercial providers cover most of the cities, the commercial providers take the brunt of the financial hardship. Some of our member agencies report that well over 40% of their calls are Medicaid recipients, and that number continues to grow in some financially distressed areas.

Unlike other medical or dental practices that have had the ability of deciding whether they will agree or decline to provide services to Medicaid recipients, we simply cannot. **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, 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. In essence, because we accept the responsibility of providing EMS to our communities, Medicaid forces us to work below our costs and take a loss every time we treat a Medicaid recipient.

While many of our services have tried to lessen the disastrous impact that insufficient Medicaid reimbursements have had on their businesses by broadening out their payer mix with other types of non-emergency work, the disparity between the reimbursement rates and the actual cost of providing service now make that impossible. To add to the financial frustration, our members have seen only sharply rising costs associated with personnel, healthcare benefits, fuel and insurance expenses for operating their businesses.

Budget Request:

In the 2014-15 Budget we are respectively seeking to reinstate the supplemental Medicaid payments for ambulances at the level of a \$3 million State share with matching funds from the Federal government. 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 project framework is in place, we now need the appropriation.

In the State Budgets 2005 through 2009 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 services who bill Medicaid: commercial, municipal and volunteer services. We work closely 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. UNYAN members were grateful for increased funding and for the recognition of the difficulties faced with below cost Medicaid reimbursements. Funding for the supplement ceased when the State was faced with multi-billion dollar budget deficits. UNYAN understood the position the State was in and Medicaid rate reform took a back seat to other less costly initiatives.

If the supplement Medicaid payments are viewed a "Band-Aid" to help ease the Medicaid reimbursement discrepancies, the permanent solution we propose is to have the State use the Medicare Ambulance Fee Schedule as the reimbursement methodology for Medicaid reimbursements as outlined in S3312 Seward/A5537 Gottfried. The hallmarks of this methodology are that the Medicare fee schedule has a rational cost based structure with adjustments for inflation. The bill calls for a three year graduated implementation schedule thus easing the increased \$50 million fiscal impact.

The use of a simpler Medicare ambulance fee schedule may prove easier to implement and manage. While the permanent proposal would increase the funding level now appropriated, 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 patient outcomes down the road, thus saving healthcare costs. We would welcome the opportunity to further discuss how we can better the healthcare system.

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 consider including these measures 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.

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