



**EMS Finance:
Reimbursement,
Revenue Streams,
Reform and Impact**

Jerry Overton

**President
International Academies of Emergency
Dispatch**




1



2

General Principles

- **Revenues**
 - Reimbursement
 - Volunteer Contributions
 - Local Tax Support
 - *Combination*



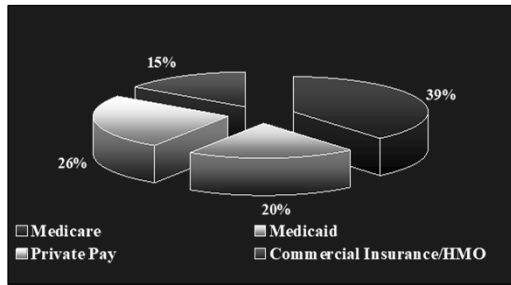
3

Reimbursement

- Medicare
- Medicaid
- Private Paying Patients
- Commercial Insurance
 - HMO Contracts
 - Other Contracts

4

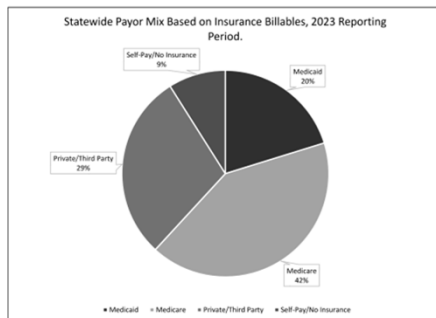
Billings Typical Payor Mix



5

m MINNESOTA
EMERGENCY MEDICAL SERVICES
REGULATORY BOARD

Figure 8. Statewide payor mix based on insurance billables, 2023 reporting period.



6

Reimbursement

- Collection Percentage Variables
 - Payor Mix
 - Medicare
 - Medicaid
 - Billing System
 - Management of A/R

7

Medicare

- Federal Authorization
- Federal Regulation
- Federal Funding
- Carrier Administered
- Approximately 40% - 45% of patients

8

The Medicare Fee Schedule

- Components of the Base Rate
 - National Relative Values
 - BLS = 1.00
 - BLS-E = 1.60
 - ALS1 = 1.20
 - ALS1-E = 1.90
 - ALS2 = 2.75

9

The Medicare Fee Schedule

Ambulance Conversion Factor

- 2015 \$221
- 2016 \$220
- 2017 \$221
- 2019 \$229
- 2021 \$231
- 2023 \$264
- 2024 \$271

10

The Medicare Fee Schedule

Ambulance Inflation Factor

- | | |
|----------------|----------------------|
| • 2003 1.1 | • 2016 -0.4 |
| • 2004 2.1 | • 2017 0.7 |
| • 2005 3.3 | • 2018 1.1 |
| • 2006 2.5 | • 2019 2.3 |
| • 2007 4.3 | • 2020 0.6 |
| • 2008 2.7 | • 2021 0.2 |
| • 2009 5.0 | • 2022 5.1 |
| • 2010 0.0 | • 2023 8.7 |
| • 2011 -0.1 | • 2024 2.6 |
| • 2012 2.4 | |
| • 2013 0.8 | |
| • 2014 1.0 | |
| • 2015 1.4 | |

11

The Medicare Fee Schedule

National Conversion Factor x RVU - 2024

- BLS= \$271
- BLS-E= \$433
- ALS-1= \$324
- ALS-1E=\$514
- ALS-2= \$744

12

The Impact - 2024 Reimbursement vs. Cost

Cost per
Transport:

(Assumes \$200 per UH)

*Reimbursement
Level:*

- .33 U/UH=\$606
- .25 U/UH=\$800
- BLS-E= \$433
- ALS-1E=\$514

13

The Evidence

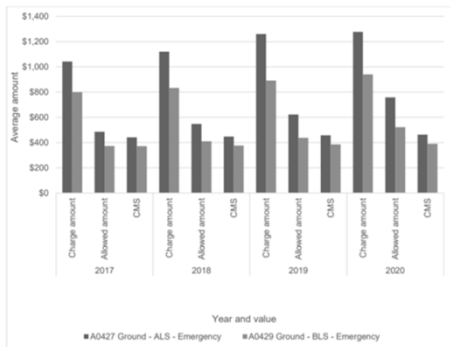


Figure 2. Average charge amounts, allowed amounts and CMS (Medicare reimbursement) amounts for ALS and BLS emergency ground ambulance services, without mileage fees, 2017-2020

14

The Outlook

- Legislative Proposals Essentially Absent
- Not "High Visibility"
- Election Looming
- Low Priority – Lack of Constituency

15

Medicaid

- Federal Authorization
- Indigent/Special Cases
- Federal/State Cost Sharing
 - Rates Determined by the State
 - Assignment
- 20% – 30% of Patients

16

Medicaid

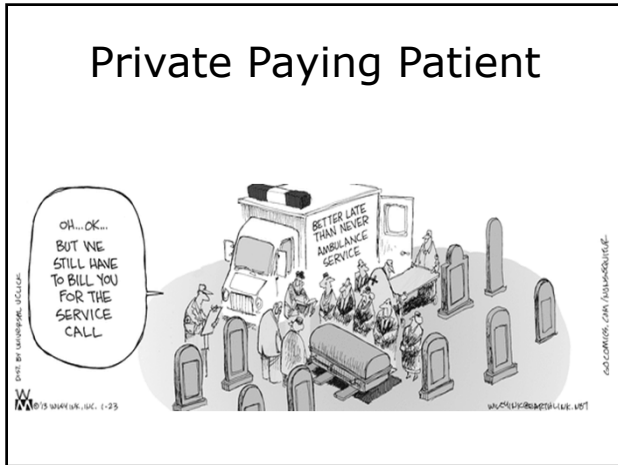
- “Transportation” Emphasis
- Traditionally Low Reimbursement Rates
- State Budget Issues
- Low Priority - Lack of Constituency

17

Insurance



18



19

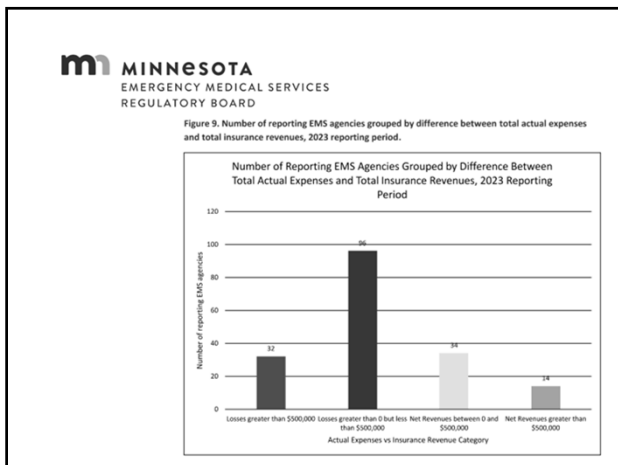
Analysis -2022

Table 6: Revenue & Cost Summary

Revenue	Median
Patient Service Revenue Per Capita	\$40.50
Patient Service Revenue Per Unit Hour	\$172.11
Patient Service Revenue Per Response	\$306.67
Patient Service Revenue Per Transport	\$435.94

Expense	Median
Expense Per Capita	\$56.12
Expense Per Unit Hour	\$208.28
Expense Per Response	\$428.54
Expense Per Transport	\$603.03

20



21

m MINNESOTA
EMERGENCY MEDICAL SERVICES
REGULATORY BOARD

Table 12. Total operational expenses vs total insurance revenues by EMS region, 2023 reporting period.

EMS Region	Total Insurance Revenues	Total Operational Expenses	Difference of Insurance Revenues vs Operational Expenses
Central	\$20,399,876.80	\$25,958,169.29	\$ (5,558,292.49)
Metro	\$280,179,867.22	\$278,787,359.88	\$ 1,392,507.34
Northeast	\$26,345,701.14	\$29,995,641.30	\$ (3,649,940.16)
Northwest	\$15,471,032.33	\$14,850,706.34	\$ 620,325.99
South	\$6,894,399.39	\$6,279,143.09	\$ 615,256.30
Central			
Southeast	\$64,418,447.85	\$64,028,985.84	\$ 389,462.01
Southwest	\$24,929,144.37	\$24,059,732.60	\$ 869,411.77
West Central	\$11,268,195.77	\$11,667,975.86	\$ (399,780.14)
Statewide	\$449,906,664.82	\$455,627,714.20	\$ (5,721,049.38)

22

Raising Rates and The Impact

- Payor Mix Must be Understood
- Collection percentage for each payor required
- ***Important:*** \$100 increase ***does not*** equal \$100 additional revenue

23

The Issue of Assignment

Medicare – 40% to 50%
Medicaid – 20% to 25%
Total – 60% to 75%

24

Typical Payor Mix with Corresponding Increased Revenue

Projected \$100 Increase

Medicare	-	40%	x	\$100	x	0	=	\$0.00
Medicaid	-	20%	x	\$100	x	0	=	\$0.00
Com Ins	-	20%	x	\$100	x	.75	=	\$15.00
Private Pay	-	20%	x	\$100	x	.10	=	\$2.00
Total		100%					=	\$17.00

25



Table 4: Published Fees

Published Fees	Median
ALS Emergency	\$1,673.69
ALS 2 Emergency	\$1,754.04
BLS Emergency	\$1,494.43
ALS Non-Emergency	\$1,245.26
BLS Non-Emergency	\$1,051.18
Critical Care Transport	\$2,336.80
Treat - No Transport	\$181.40
Mileage	\$23.14
ALS Supplies	\$25.14
BLS Supplies	\$12.37
Gross Patient Fees	\$1,158,618,904 (total)
Average Patient Charge	\$1,565.11

26



Table 5: Payer Mix & Amount Collected

FFS Revenue	Net Collections	% of \$ Collected
Payer Source:		
Medicare FFS	\$52,334,408	17.0%
Managed Medicare	\$49,415,549	16.1%
Medicaid FFS	\$23,479,772	7.6%
Managed Medicaid	\$12,496,551	4.1%
Commercial Insurance (Incl auto)	\$93,124,133	30.3%
Self-Pay	\$5,114,000	1.7%
Facility Paid	\$22,924,322	7.4%
Other	\$3,070,950	1.0%
Net Collections - Patient Services Revenue	\$307,749,909	100.0%
Net Average \$ Collected Per Patient	\$435.94	

27

The Risk . . .



MAST
Ambulance rates to rise
 ■ The Metropolitan Ambulance Services Trust approved a budget that calls for higher Kansas City ambulance rates. The budget, effective May 1, projects nearly \$9.8 million in revenue. It assumes MAST will be able to collect 52.5 percent of its bills. The base rate for emergency trips will rise 2 percent, to \$398. The mileage rate goes up 25 cents, to \$4 a mile.

28

The Potential of Enhanced Governmental Support

- *Additional Tax Subsidization*
 - Federal – Low Priority
 - State - Budget Crisis
 - Local - Tax Limitations



29

Special Impacts



30

Non Emergency Transports

- Increase in Economic Efficiency
- Increase in Gross Revenues
- Clinical Oversight Needed



31

Non Emergency Transports

- Revenues
 - *Impact on Net Revenues Must be Assessed*
 - *Medical Necessity*
 - *Payors*



32

Capital Purchases

Useful Life
vs.
One Time Expense



33

Cost and Useful Life

Defining Useful Life

- Predetermined Replacement Schedule
- Local Factors
- Leadership

34

Cost and Useful Life

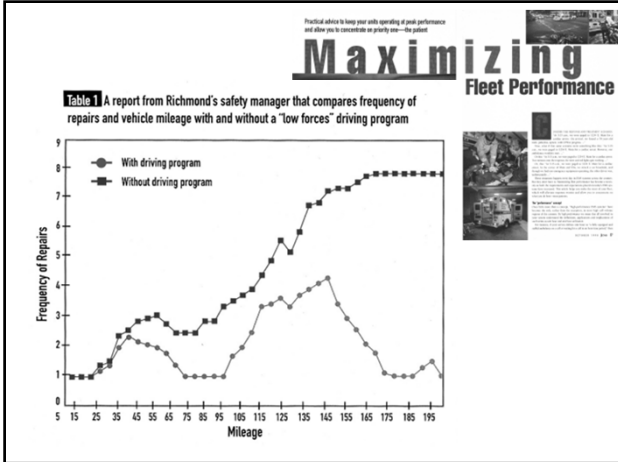
Vehicle Cost = \$150,000
Useful Life = 5 Years
Annual Depreciation = \$ 30,000

35

Safe Driving



36



37

Cost and Useful Life

$\frac{\$150,000}{5 \text{ years}} = \$30,000 \text{ per Year}$

$\frac{\$150,000}{7 \text{ years}} = \underline{\$21,429 \text{ per Year}}$
\$8,571 per Year

38

The Impact of the Economy

***"The Long View:
How the financial downturn will
change health care"***

39

“After the Crisis Differential Strategies”

- Focus on Quality and IT
- New Importance for Lowering Costs of Service
- Focus on Economies of Scale
- Focus on Care Integration

40

Lowering Cost of Service

- Eliminating Emergency Response Times
- Deferral of Capital Purchases
- System Design Changes



41

Economies of Scale

The ability to produce more service of higher quality from available dollars.

42

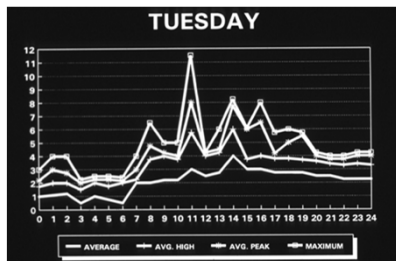
Advanced Deployment Practices

The art and science of matching the production capacity of an EMS system to the changing patterns of demand placed on that system.

43

Load of Work Variance

- Time of Day
- Day of Week



44

Prospective Evidence of A Circadian Rhythm for Out-of-Hospital Cardiac Arrests

Levine et al. JAMA 1992; 267:2935-2937



45

Improved Efficiencies

Example:

$$\frac{\$200}{.25} = \$800 \text{ per Transport}$$

$$\frac{\$200}{.27} = \$740 \text{ per Transport}$$

46

Improved Efficiencies

$$\$60 \times 20,000 \text{ Patients/Year} = \$1,200,000/\text{Year}$$

47

A Factor to Consider

CORPORATE CRISIS MANAGEMENT



WE NEED TO FIND A NEW SOURCE OF PEOPLE TO SCREEN OVER SOON, GENTLEMEN. OR WE'LL BE FORCED TO ACTUALLY PRODUCE SOMETHING...

W 4-18
WILEY-BLUES WILLET 500 WILSON AVENUE, HOBOKEN, NJ 07030

WWW.WILEYBLUES.COM / 1-800-551-5121

48

Levels of Efficiency

- High quality with above-average cost;
- Low quality with below-average cost;
- Low quality with above-average cost; and,
- Performance Based EMS--
above-average service at below-average cost.

49

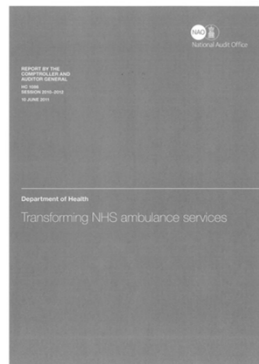
Focus on Healthcare Integration

- "Hear and Treat"
- "See and Treat"
- Alternative Destinations



50

Transforming NHS Ambulance Services Report of the Comptroller and Auditor General



51

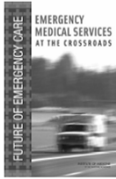
Transforming

- “Hear and Treat”
 - Potential Annual Savings - 40 to 80 Mil GBP
- “See and Treat”
 - Potential Annual Savings – 15 to 115 Mil GBP
- Alternative Destinations
 - Potential Annual Savings – 45 – 90 Mil GBP

52

Achieving the Vision

- Congress: Establish a demonstration program to promote regionalized, coordinated, and accountable emergency care services.



THE NATIONAL ACADEMIES
Division for the Behavioral and Social Sciences and Public Health

INSTITUTE OF MEDICINE
OF THE NATIONAL ACADEMIES

53

Wine and beyond Barrels & Bites, an old event with a new name, embraces widening array of beverages | FOOD & DRINK, 1E

RENO GAZETTE-JOURNAL

A GANNETT COMPANY WEDNESDAY, SEPTEMBER 17, 2014 .COM



REMSA projects \$13.5 million in savings through 2015 through an effort that started two years ago providing three services: a nurse hotline, community paramedics and ambulance transport alternatives.



EMERGENCY SERVICES REMSA: Service changes pay off

By Jason Hidalgo
jhidalgo@rgj.com

What happens when you turn paramedics into caregivers and divert patients in ambulances away from the emergency room?

Apparently, you save millions of dollars.

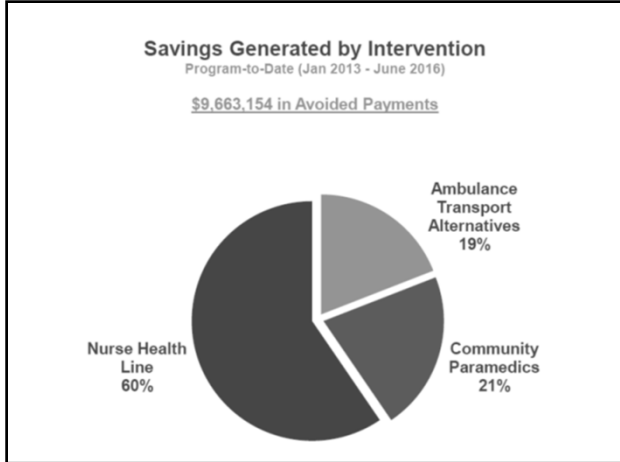
More accurately, you save \$13.5 million in area health care expenditures for three years, according to Regional Emergency Medical Services Authority.

That's the total amount of savings that REMSA projects through 2015 for its Community Health Programs effort, which started two years ago.

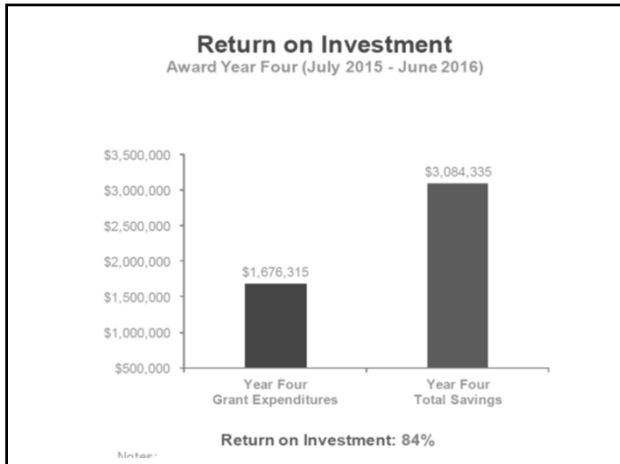
Created through a \$9.8 million effort, the program...

See REMSA, Page 6A

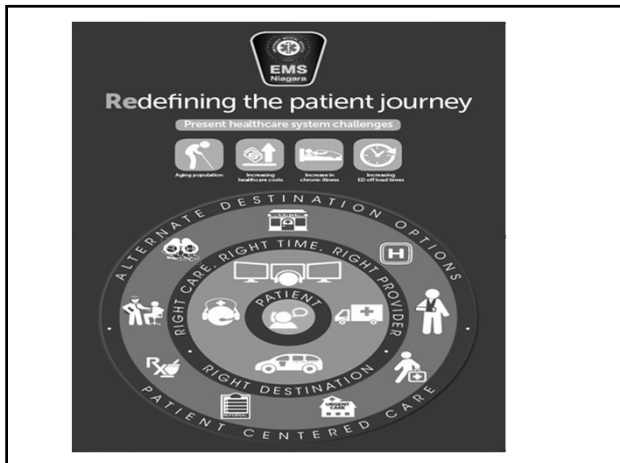
54



55




56



57

Unscheduled Care Assessments

- Falls at Home
- Psychiatric
- Lower Acuity → →
 - Diabetics
 - Chronic Diseases
- Hospice Care



58

**The Patient, Economic Efficiency,
and
Out of Hospital Care**

- Assessment and Diagnosis Capabilities
- Use of Technology → →
- Diverse Clinical Endpoints Accessible
- Diverse Social Care Endpoints Accessible
- Health Promotion for Self Care

59

**The Patient, Economic Efficiency,
and
Out of Hospital Care**

- Volume and Demand
- Unit Hour Costs and Utilization
- Lack of Understanding of Costs
 - "Net Loss"
 - "Lack of Reimbursement"
- Lack of Clinical Endpoints
- Lack of Social Care Endpoints

60



61

HHS

- "Establishment of an Ambulance Data Collection System" – Final Rule, November 2019
- Data Collection Instrument Extensive
- One Year of Sampling
- Approximately 3000 Services
- *DELAYED - Finally Underway*
- *Responses Lacking*

62

Addressing the "Issues"

- Medical Necessity and Acuity
- "Value Based Purchasing"
- Costs and Reimbursement
- Demand and Resources

63

Summary

- “Nothing in life is free!!!”
- For any meaningful analysis, ALL costs must be identified
- Understanding concepts ultimately maximizes patient care
- *Medical Directors MUST Engage!!!*

64

“There are two times in a man’s life when he should not speculate; when he can afford it and when he can’t”



Mark Twain

65

Discussion . . .



jerry.overton@emergencydispatch.org



66
