



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

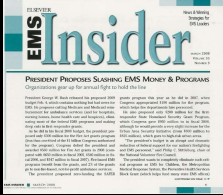


**Jerry Overton**  
President  
International Academies of Emergency  
Dispatch

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## General Principles

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

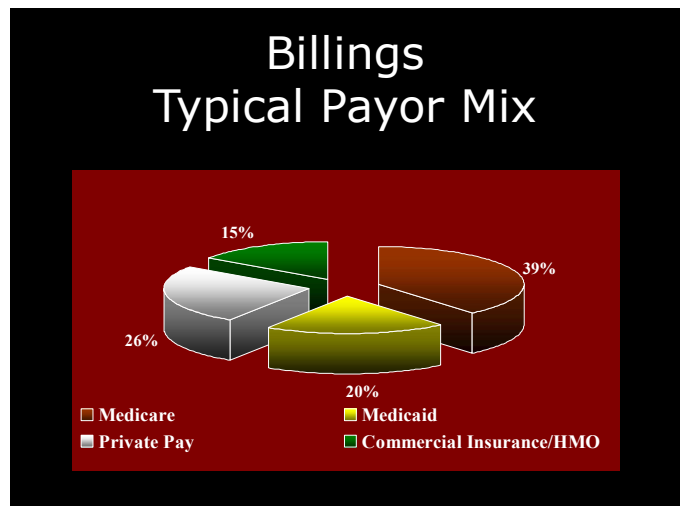


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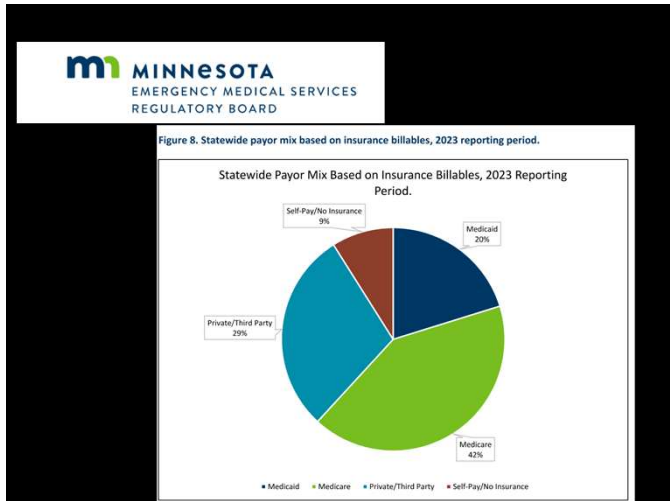
## Reimbursement

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

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## Reimbursement

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

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## Medicare

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

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## 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

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## The Medicare Fee Schedule

Ambulance Conversion Factor

- 2015      \$221
- **2016**    **\$220**
- 2017      \$221
- 2019      \$229
- 2021      \$231
- 2023      \$264
- 2024      \$271
- **2025**    **\$278**

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## The Medicare Fee Schedule

Ambulance Inflation Factor

• 2003	1.1		
• 2004	2.1		
• 2005	3.3		
• 2006	2.5		
• 2007	4.3		
• 2008	2.7		
• 2009	5.0		
• 2010	0.0		
• <b>2011</b>	<b>-0.1</b>		
• 2012	2.4		
• 2013	0.8		
• 2014	1.0		
• 2015	1.4		
		• <b>2016</b>	<b>-0.4</b>
		• 2017	0.7
		• 2018	1.1
		• 2019	2.3
		• 2020	0.6
		• 2021	0.2
		• 2022	5.1
		• 2023	8.7
		• 2024	2.6
		• <b>2025</b>	<b>2.4</b>

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## The Medicare Fee Schedule

National Conversion Factor x RVU - 2025

- BLS=      \$278
- **BLS-E= \$445**
- ALS-1=    \$334
- **ALS-1E=\$528**
- **ALS-2= \$765**

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## The Impact - 2025 Reimbursement vs. Cost

<p>Cost per Transport:</p> <p>(Assumes \$200 per UH)</p> <ul style="list-style-type: none"> <li>• .33 U/UH=\$606</li> <li>• .25 U/UH=\$800</li> </ul>	<p><i>Reimbursement Level:</i></p> <ul style="list-style-type: none"> <li>• BLS-E= \$445</li> <li>• ALS-1E=\$528</li> </ul>
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## The Evidence

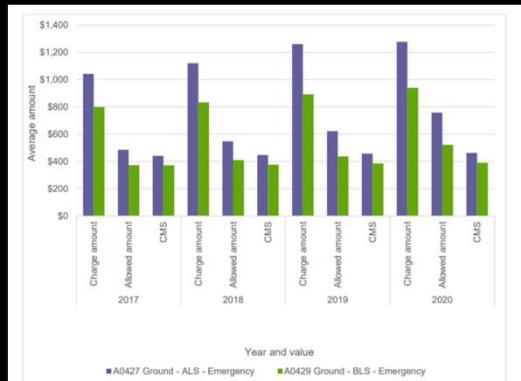


Figure 2. Average charge amounts, allowed amounts and CMS (Medicare reimbursement) amounts for ALS and BLS emergency ground ambulance services, without mileage fees, 2017-2020

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## The Outlook

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

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## Medicaid

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

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## Medicaid

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

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# Insurance

- Not High Percentage
- Claim Process Complicated
- Medical Necessity
- Denials



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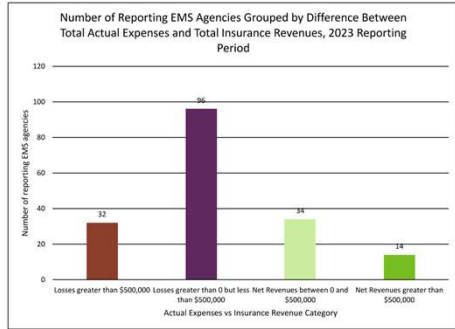
Table 12. Total operational expenses vs total insurance revenues by EMS region, 2023 reporting period.

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	\$64,418,447.85	\$64,028,985.84	\$ 389,462.01
Southeast	\$24,929,144.37	\$24,059,732.60	\$ 869,411.77
Southwest	\$11,268,195.77	\$11,667,975.86	\$ (399,780.14)
<b>Statewide</b>	<b>\$449,906,664.82</b>	<b>\$455,627,714.20</b>	<b>\$ (5,721,049.38)</b>

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Figure 9. Number of reporting EMS agencies grouped by difference between total actual expenses and total insurance revenues, 2023 reporting period.




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# Private Paying Patient



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## Analysis -2024

**Table 2: Published Fees**

Service Level	Average
ALS Emergency	\$1,645.49
ALS 2 Emergency	\$1,985.73
BLS Emergency	\$1,465.86
ALS Non-Emergency	\$1,209.99
BLS Non-Emergency	\$1,082.29
Critical Care Transport	\$2,716.36
Treat - No Transport	\$289.38
Mileage	\$30.26
ALS Supplies	\$19.50
BLS Supplies	\$12.50
<b>Average Patient Charge</b>	<b>\$1,558.20</b>

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## Analysis -2024

Fee For Service Revenue Per Capita	\$62.28
Fee For Service Revenue Per Unit Hour	\$166.38
<del>Fee For Service Revenue Per Response</del>	<del>\$330.51</del>
Fee For Service Revenue Per Transport	\$459.50

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# 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.

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## The Potential of Enhanced Governmental Support

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



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# Special Impacts

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# Non Emergency Transports

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

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# Non Emergency Transports

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

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# Capital Purchases

Useful Life  
vs.  
One Time Expense

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## Cost and Useful Life

### Defining Useful Life

- Predetermined Replacement Schedule
- Local Factors
- Leadership

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## Cost and Useful Life

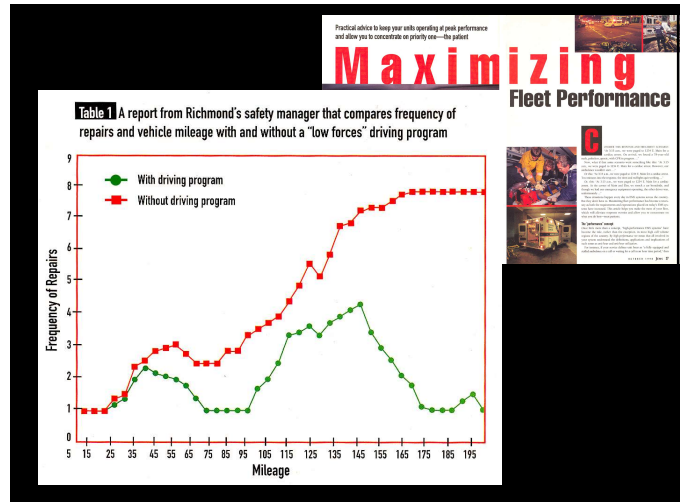
Vehicle Cost = \$150,000  
 Useful Life = 5 Years  
 Annual Depreciation = \$ 30,000

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## Safe Driving



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## Cost and Useful Life

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

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

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## The Impact of the Economy



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

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## "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

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## ***Lowering Cost of Service***

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



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## Economies of Scale

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

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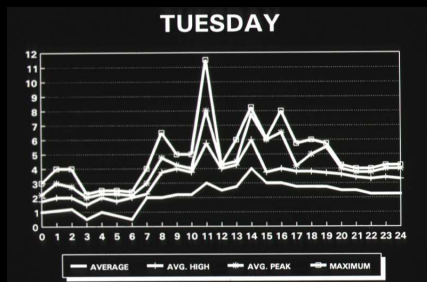
## Advanced Deployment Practices

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

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## Load of Work Variance

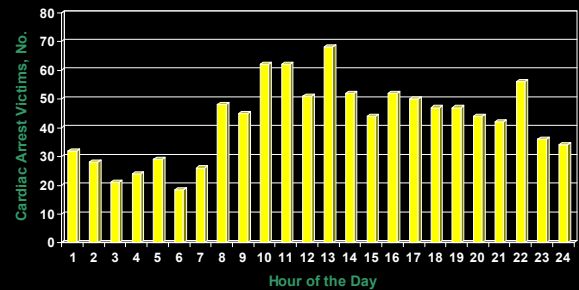
- Time of Day
- Day of Week



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

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



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## Improved Efficiencies

Example:

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

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

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## Improved Efficiencies

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

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## A Factor to Consider



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## 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.*

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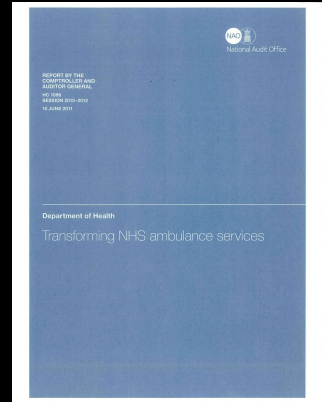
## Focus on Healthcare Integration

- “Hear and Treat”
- “See and Treat”
- Alternative Destinations



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## Transforming NHS Ambulance Services Report of the Comptroller and Auditor General



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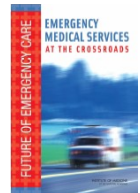
## Transforming

- “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

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## Achieving the Vision

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



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## *Unscheduled Care Assessments*

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



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## *Addressing the "Issues"*

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

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## *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

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## *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

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## 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!!!*

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*“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*

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*Discussion . . .*



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