



CALL TO ACTION – MEDICARE FEE SCHEDULE

August 10, 2001

TO: CAA MEMBERS

FROM: David A. Nevins, President

RE: MEDICARE FEE SCHEDULE

The CAA and AAA have been working with Members of Congress and the Centers for Medicare & Medicaid Services (now CMS, formerly HCFA) to address the concerns of the ambulance industry and to increase the fee schedule reimbursement rates before the final fee schedule rule is published by CMS. We believe that CMS made certain assumptions that reduced the level of reimbursement far below what Congress intended when it called for the new fee schedule. With the assistance of Members of Congress, we have asked CMS to reevaluate its assumptions, which, if corrected, would mean higher reimbursement rates across the board. While we have had some success in convincing CMS and Congress that correcting certain CMS assumptions and data can increase the conversion factor, congressional action to adequately fund the fee schedule is also needed to make-up the shortfall. Before September 4, please meet with your Members of Congress and do the following:

- (1) Brief them on the impact that the fee schedule will have on your ability to provide Medicare beneficiaries with quality health care. Provide data on not only the impact of the new fee schedule, but also provide data on how the CMS-proposed conversion factor is below your cost of providing the service;
- (2) Ask your Representative to support additional funding for the Medicare ambulance fee schedule in any Medicare reform legislation that is considered by Congress this year. Ask your Senator to cosponsor S. 1350, the "Medicare Ambulance Payment Reform Act of 2001;"
- (3) If they have not already done so, ask your Members of Congress to send a letter, similar to the attached sample letter, to Health & Human Services (HHS) Secretary Tommy Thompson;
- (4) Provide them with the attached leave behind document; and,
- (5) Schedule an ambulance ride along with them and/or their staff. Members of Congress and/or their staff are sincerely interested in understanding the operations of businesses in their districts or states. This is a great way for them to see firsthand the important role we play in our communities.

For CAA members providing ambulance services in rural areas, IT IS ESSENTIAL THAT YOU SUPPORT BOTH THE FEE SCHEDULE INCREASE THAT APPLIES TO ALL PROVIDERS (S. 1350) AND THE FEE SCHEDULE INCREASE THAT APPLIES TO SERVICES IN RURAL AREAS (H.R. 2346).

If you are unable to meet with your Members of Congress while they are back in the district or state during the recess, please send the attached sample letter. All you need to do is individualize the letter by filling in the brackets with your information. Attached is a contact list of the California Congressional Delegation.

Please fax a copy of your letters to the CAA office at (916) 7350-0161, attention: David Nevins. In addition, if you are successful in meeting with your Members of Congress, please send a description of your meeting to me by e-mail at davnevins@aol.com. If you have any questions, please contact me at the CAA offices at 1-877-276-1410.

We can only be successful in increasing the payment rates of the upcoming Medicare ambulance fee schedule if all ambulance services educate their respective Members of Congress on the impact to Medicare beneficiaries of below-cost reimbursement. Timing is critical, so it is essential that these meetings occur as soon as possible.

Thank you in advance for your efforts.

SAMPLE LETTER TO U.S. SENATOR

[DATE]

The Honorable [FIRST NAME] [LAST NAME]
United States Senate
Washington, DC 20510

Dear Senator [LAST NAME]

I respectfully request that you support a delay in the implementation of the proposed Medicare Ambulance Fee Schedule until such time as it is assured that reimbursement rates are based on the actual cost of providing these essential services to Medicare patients.

The Centers for Medicare and Medicaid Services (CMS) is working on a final rule for the establishment of a Medicare ambulance fee schedule. The fee schedule will be a dramatic departure from how ambulance suppliers are currently being reimbursed for services provided to Medicare patients. Unfortunately, the reimbursement rates published in the proposed rule of September 12, 2000 are significantly below the costs of providing ambulance services in California. If these rates are not increased in the final rule, it will have a devastating impact on the ambulance industry and our patients.

Under the proposed rule, Medicare reimbursement of a basic life support level of service would be \$163.51 for 2002 -- adjusted for inflation. However, according to Project Hope, the average cost of providing that same level of service nationally is \$249.71. In California the average cost of providing that same level of service is \$338.38. The result is a shortfall of over \$1.1 billion a year in funding for all levels of service.

I therefore request that as the Senate considers legislation to reform Medicare, that you support including language that will provide the required additional funding to assure a smooth transition to the new ambulance fee schedule and the equitable reform of Medicare ambulance reimbursement policies. I also ask that you consider cosponsoring the *Medicare Ambulance Payment Reform Act of 2001* (S. 1350) by Senator Mark Dayton that would reimburse ambulance services based on costs.

If you have any questions, please do not hesitate to have a member of your staff contact me. I can be reached at (XXX) XXX-XXXX.

Thank you in advance for your time and consideration.

Sincerely,

[NAME]
[TITLE]
[ORGANIZATION]

SAMPLE LETTER TO U.S. REPRESENTATIVE

[DATE]

The Honorable [FIRST NAME] [LAST NAME]
U.S. House of Representatives

CAA--Medicare Fee Schedule

Washington, DC 20515

Dear Representative [LAST NAME]:

I respectfully request that you support a delay in the implementation of the proposed Medicare Ambulance Fee Schedule until such time as it is assured that reimbursement rates are based on the actual cost of providing these essential services to Medicare patients.

The Centers for Medicare and Medicaid Services (CMS) is working on a final rule for the establishment of a Medicare ambulance fee schedule. The fee schedule will be a dramatic departure from how ambulance suppliers are currently being reimbursed for services provided to Medicare patients. Unfortunately, the reimbursement rates published in the proposed rule of September 12, 2000 are significantly below the costs of providing ambulance services. If these rates are not increased in the final rule, it will have a devastating impact on the ambulance industry and our patients.

Under the proposed rule, Medicare reimbursement of a basic life support level of service would be \$163.51 for 2002 - adjusted for inflation. However, according to Project Hope, the average cost of providing that same level of service is \$249.71. In California the average cost of providing that same level of service is \$338.38. The result is a shortfall of over \$1.1 billion a year in funding for all levels of service.

I therefore request that as the House of Representatives considers legislation to reform Medicare, that you support including language that will provide the required additional funding based on costs of providing these essential services in California to assure a smooth transition to the new ambulance fee schedule and the equitable reform of Medicare ambulance reimbursement policies.

If you have any questions, please do not hesitate to have a member of your staff contact me. I can be reached at (XXX) XXX-XXXX.

Thank you in advance for your time and consideration.

Sincerely,

[NAME]
[TITLE]
[ORGANIZATION]

The Honorable Tommy Thompson
Secretary of Health & Human Services
Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Thompson:

I am writing to urge you to give your immediate attention to an issue of enormous consequence to our national emergency medical services system. I respectfully request that you support a delay in the implementation of the proposed Medicare Ambulance Fee Schedule until such time as it is assured that reimbursement rates are based on the actual cost of providing these essential services to Medicare patients.

On September 12, 2000 the Centers for Medicare and Medicaid Services (CMS) published a proposed rule establishing a fee schedule for ambulance services. This rule grew out of a negotiated rulemaking process with which the emergency medical services community participated. The scope of the rulemaking process limited the industry involvement primarily to constructing a relative value scale on which reimbursement would be based. The negotiated rulemaking committee did not address the overall budget for ambulance services, which was limited by the Balanced Budget Act of 1997 to budget neutrality. The committee was also precluded from considering levels of reimbursement or the economic assumptions on which the reimbursement levels were based and the data from which the proposed fee schedule conversion factor was calculated.

CAA--Medicare Fee Schedule

Unfortunately, the reimbursement levels published in the proposed rule will have a devastating effect on emergency medical services if implemented. Many ambulance providers will be forced to reduce service levels, put fewer ambulances on duty or even discontinue service. Ambulance services in many rural areas will be some of the first to show the ill effects from the proposed fee schedule. Ambulance providers derive up to half of their revenue from Medicare services. Many of these companies provide critical 9-1-1/emergency service to Medicare beneficiaries within their communities. Payment cuts of the magnitude contemplated by CMS will affect not only Medicare services, but also **all** emergency medical services. These cuts would have life-threatening consequences if citizens dial 9-1-1 and no service is available.

I have learned from the ambulance industry that the problem lies in many of the assumptions that CMS has made in constructing the proposed fee schedule. These critical assumptions were outside the scope of industry input. As a result, the reimbursement levels are artificially reduced. Because of the questionable assumptions on which CMS is relying and the lack of reliable numbers in CMS's data base, the source of the problem is not clear. But the result is clear. The reduction in Medicare ambulance rates under the proposed fee schedule will be catastrophic to the emergency medical services system in my district. A national study has placed the conversion factor needed to save our EMS systems at a minimum of \$249.71 . In California the average cost of providing that same level of service is \$338.38

As you know, Congress has been engaged in an extended process of dealing with the unintended consequences of BBA '97.

We have an opportunity to prevent more unintended consequences with respect to the ambulance fee schedule if we proceed with caution. I urge you to implement the fee schedule only after the various concerns outlined in the comments submitted by the industry to the Proposed Rule are addressed and the conversion factor is increased to reflect the cost of providing the service.

We **MUST** ensure that our nation's entire emergency medical response system is not put at risk.

Thank you for your attention to this matter.

Sincerely,

Member of Congress

Click on the link below to view the California Congressional Delegation list

[California Congressional Delegation](#)