



Increase Medi-Cal Reimbursement for California's Essential Ambulance Services

Background

Emergency ambulance service is essential; it is the first component of the health care safety net and the public expects the 9-1-1 system to quickly respond in an emergency. Ambulance services provide significant levels of uncompensated care including charity care provided to the uninsured and below-cost reimbursement from Medi-Cal, Medicare and other government insurers.

Medi-Cal Severely Underfunds Essential Ambulance Services

- Medi-Cal rates cover about *one quarter* of the cost of service (EDS, 2008; GAO, 2007)
- Medi-Cal rates are about *one third* of Medicare rates (EDS, 2008; CMS, 2007)
- Medicare rates are *6%* below the national average cost of service (GAO, 2007)
- 88% of Medi-Cal ambulance transports were *emergencies* in 2008 (EDS, 2008)
- Medi-Cal funding does not recognize paramedic level care, even for heart attack patients
- Medi-Cal is underfunded by approximately *\$165 million per year* (CAA, 2010)

Uninsured a Heavy Burden for Emergency Ambulance Providers

- About 18.5% of the CA population is uninsured (US Census Bureau, 2009)
- The average collection rate from ambulance patients without insurance is 15% (Hobbs/Ong, 2006)
- CA ambulance services deliver nearly *\$300 million in charity care per year* to the insured (CAA, 2009)
- National health care reform is certain to impact ambulance providers with an increase in Medi-Cal eligible beneficiaries, probable Medicare cuts, the individual insurance mandate, and potential for changes in medical necessity requirements. There is the potential for significant impact on the delivery of emergency health care. Payer mixes will certainly shift and the net *impact to the EMS systems' financial infrastructure* is yet to be determined.

Emergency Medical Services System Funding is Stretched Thin

- Medicare ambulance reimbursement in California was permanently reduced on 1/1/10 by about 7.5% resulting in an estimated impact of \$36.4 million state-wide; unless Congress acts to continue existing temporary rate increases, California will lose another estimated \$12.1 million (2.5%) on 1/1/11 (CMS, 2010)
- 68% of insurers reimburse ambulance services below cost; Commercial insurance reimbursement is about three to eight times higher than Medicare or Medi-Cal (Hobbs/Ong, 2006)

Legislative Solution = Ambulance Payment Reform Act (AB 1932)

The Ambulance Payment Reform Act (authored by Hernandez) would increase Medi-Cal rates to more closely cover the cost of service, adopt Medicare services levels, definitions, HCPCS codes and recognize the ALS level of care. In 2009, the bill passed the Assembly Health Committee by a unanimous bi-partisan vote and is being held in the fiscal committee due to lack of state funding.

An alternative funding mechanism, called a Quality Assurance Fee, has been proposed to achieve a temporary increase in Medi-Cal rates by establishing a provider fee which is used to leverage federal matching funds. The association is currently working with other stakeholders to research whether this mechanism would preserve and promote the supply, quality and access to emergency 9-1-1 ambulance services for the citizens of California.

For more information, contact the CAA at (877) 276-1410 or go to www.the-caa.org.