



Albemarle County

Legislation Text

File #: 16-297, **Version:** 1

AGENDA DATE: 5/4/2016

TITLE:

EMS Cost Recovery Rate Increase

SUBJECT/PROPOSAL/REQUEST: Resolution to establish a new schedule of fees for Emergency Medical Service Vehicle Transport Services

ITEM TYPE: Consent Action Item

STAFF CONTACT(S): Foley, Walker, Davis, Blair, Eggleston

PRESENTER (S): N/A

LEGAL REVIEW: Yes

REVIEWED BY: Thomas C. Foley

BACKGROUND:

On September 9, 2009, the Board adopted an ordinance authorizing the County to establish an emergency medical service (EMS) cost recovery program, which would charge fees for EMS vehicle transports provided by the Department of Fire and Rescue and any volunteer rescue squad that applied for and was issued a permit to charge fees. The Board directed staff to establish a billing system to be operable by February 1, 2010.

Soon after the Board's September 9, 2009 meeting, the County procured the services of a contractor to act as the billing agent for the County and the Scottsville Volunteer Rescue Squad ("SVRS"), the only volunteer rescue squad that applied for and was issued a permit to charge fees as of that date. The Board adopted a Resolution to establish fees for EMS transports on December 2, 2009, and directed that fees be periodically reviewed to assure that such fees stay within the industry average and to keep pace with Medicare and Medicaid rates, which typically increase annually. Staff and members of the SVRS worked together to develop and implement an extensive public information plan to inform the public about the EMS Cost Recovery program, and on February 1, 2010, ambulances stationed at Monticello, Hollymead, and Scottsville Volunteer Rescue Squad began billing for EMS transports.

On March 7, 2012, the Board adopted a Resolution to establish a new schedule of fees for EMS transports based on changes to the Medicare Allowable Rates and the updated "Usual and Customary Charges" paid by private insurance companies. The Board also approved the Albemarle County Resident Program, in which bona fide County residents are not responsible for any charges, including co-pays or deductibles, after all applicable insurance payments have been collected. Although this Program was approved in March 2012, it was not implemented until July 1, 2014 due to the requirement that the County obtain an advisory opinion letter from the Department of Health & Human Services Office of Inspector General that the County's Revenue Recovery Program met specific federal requirements. Once the Resident Program was implemented, other volunteer agencies applied for and were issued permits to participate in the EMS Cost Recovery Program. Earlysville Volunteer Fire Company began billing in August 2014 and Western Albemarle Rescue Squad began in September 2014.

After Albemarle County Fire Rescue (ACFR) staff's annual review of the EMS Cost Recovery program and transport fees, ACFR staff believes it is appropriate to increase the fees, and is seeking Board approval of the fee increases as set forth below and in the attached Resolution (Attachment A).

STRATEGIC PLAN:

Critical Infrastructure: Prioritize, plan, and invest in critical infrastructure that responds to past and future changes and improves the capacity to serve community needs.

Economic Prosperity: Foster an environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals.

Operational Capacity: Ensure County government's ability to provide high quality service that achieves community priorities.

DISCUSSION:

Billing Rates

In March 2012, the Board adopted the current fees for EMS Transport. Those fees, which were based on Medicare Allowable Rates and "Usual & Customary Charges" paid by private insurance companies, are as follows:

- \$450 - Basic Life Support
- \$550 - Advanced Life Support 1
- \$750 - Advanced Life Support 2
- \$13.00/mile

Medicare Allowable Rates have increased since then. In addition, most private insurance companies pay at a higher rate than Medicare, and the County's billing company has noted that in some cases, private insurance companies are paying 100 percent of the transport fee; an indication that they will pay higher rates than the County's current fees. ACFR proposes the following rates:

- \$500 - Basic Life Support
- \$600 - Advanced Life Support 1
- \$850 - Advanced Life Support 2
- \$15.00/mile

Consistent with the fees established in 2012, increasing the fees to this level will place them approximately 40% above Medicare Allowable Rates, which will allow ACFR to recover higher reimbursements from private insurance companies. Eighty-two percent (82%) of the transports are for County residents, and the County provides transport services to them at no additional cost over their insurance payment. Accordingly, increasing the rates will not be a burden to County residents. Instead, it will decrease the burden on County taxpayers by recouping reasonable reimbursements from private insurance companies. The County has a compassionate billing policy to address any non-residents that are unable to pay the County's fees.

Patient Payer Mix (the type of monies received)

The current payer mix is:

Medicare/Medicaid: 58.7%

Private Insurance 39.6%

Private Pay/Self Pay: 1.7%

BUDGET IMPACT:

This analysis assumes that the new rates will be in effect for transport services provided on or after July 1, 2016. Due to the billing process, there is an estimated three to five-month delay before the County will receive payment at the increased rates. Pursuant to the County Finance accrual policy, July 2016 (FY 17) revenues will be accrued back to FY 16 so that EMS Cost Recovery revenue is reported for the time frame of August 1 -

July 31. Therefore, the FY 17 figures shown below with the recommended rate change assumes four months of revenue at the old rates and eight months of revenue at the increased rates. FY 18 projections are included to demonstrate an entire fiscal year at the new rate.

If no rate change is implemented:

FY 17 Projected Revenue: \$1,815,252
FY 17 Anticipated Expenditure: \$ 86,548
FY 17 Anticipated Net Revenue: \$1,728,704

With Recommended Rate Change:

FY 17 Projected Revenue: \$1,933,520
FY 17 anticipated Expenditures: \$ 91,575
FY 17 Anticipated Net Revenue: \$1,841,945

FY 18 Projected Revenue: \$2,022,785
FY 18 anticipated Expenditures: \$ 95,368
FY 18 Anticipated Net Revenue: \$1,927,417

RECOMMENDATION:

ACFR staff recommends that the Board adopt the proposed Resolution to Establish a New Schedule of Fees for Emergency Medical Services Vehicle Transport Services (Attachment A).

A - Resolution