

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 810
 Finance

(Senator Pipkin)

Appropriations

**Transportation - Maryland Emergency Medical System Operations Fund -
 Transport by Privately Owned Helicopter**

This bill authorizes the use of the Maryland Emergency Medical System Operations Fund (MEMSOF) for the reimbursement of private helicopter companies for the transport of patients from the scene of an out-of-hospital medical emergency to a health care facility under specified conditions. The Emergency Medical Services Board must adopt regulations and protocols for the dispatch and reimbursement of private helicopter companies to support the medically oriented functions of the State Police Aviation Command.

Fiscal Summary

State Effect: MEMSOF expenditures could increase by as much as \$150,000 annually beginning in FY 2009 to reimburse private helicopter companies. No effect on revenues.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	150,000	150,000	150,000	150,000	150,000
Net Effect	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local governments could receive slightly less funding for emergency medical services operations.

Small Business Effect: Small business privately owned helicopters could receive additional reimbursement, while small businesses EMS vendors could receive slightly less reimbursement.

Analysis

Bill Summary: Private helicopter companies are only eligible for reimbursement from MEMSOF if the transport is dispatched by System Communications at the Maryland Institute for Emergency Medical Services Systems. Reimbursement may consist only of the difference between the Medicare rate for transport provided and the amounts received by the private helicopter company from any source other than the patient. The patient may not be billed by the private helicopter company. Total reimbursement from MEMSOF to private helicopter companies may not exceed \$150,000 annually.

Current Law/Background:

Air Ambulance Services in Maryland: Approximately 11,000 patients are transported by air ambulance annually in Maryland. The Maryland State Police Aviation Command transports approximately 5,000 patients from primary scenes to trauma centers while private air ambulance companies complete approximately 6,000 inter-hospital missions and provide backup services to the State Police. These companies include MedSTAR Transport; STAT MedEvac; and two publicly traded companies (PHI and Air Methods).

Regulation of Air Ambulance Companies: Air ambulance companies are licensed to operate by the Maryland Institute for Emergency Medical Services Systems. Licenses are valid for one year. Air ambulance companies providing scene transport may bill the patient or the patient's insurance company but may not to seek reimbursement from the State, a local jurisdiction, a municipality, or volunteer fire company. A small number of patients transported from the scene by an air ambulance company could be faced with a sizeable bill if the service is not covered by their payor, the air ambulance company is not part of their insurance company's provider network, or they are uninsured and do not meet the requirements of the air ambulance company's charity care policy.

Maryland Health Care Commission Report on Air Ambulance Services: Chapter 272 of 2006 required the Maryland Health Care Commission to study and report on • the financial aspects of inter-hospital patient transfer and scene transport by air ambulance services operating in Maryland; • State and federal laws applicable to the operation of air ambulance services; and • mechanisms available to regulate financial aspects of and ensure cost-effective use of such services. The report, issued in December 2006, concluded that federal preemption severely limits State authority to remedy significant balance bills that patients face after receiving emergency air transport services and that success in establishing fair participation arrangements in which reimbursement covers costs for a typically efficient air ambulance provider is critical.

Medicare Reimbursement for Emergency Air Transportation: As of 2006, Medicare rates for rotary air transportation were \$3,056 plus \$19.14 per mile for urban transports and \$4,584 plus \$28.71 per mile for rural transports.

MEMSOF: MEMSOF provides annual State budget support for Maryland's emergency medical services system. The source of revenues for MEMSOF is an \$11 annual surcharge on motor vehicle registrations for certain classes of vehicles, as specified in Section 13-954 of the Transportation Article. MEMSOF may be used solely for • the Maryland State Police, Aviation Division; • MIEMSS; • the R. Adams Cowley Shock Trauma Center; • the Maryland Fire and Rescue Institute; • local grants under the Senator William H. Amoss Fire, Rescue, and Ambulance Fund; and • the Volunteer Company Assistance Fund.

MIEMSS advises that MEMSOF earns approximately \$52.0 million a year in revenues; the Governor's proposed fiscal 2009 budget includes \$55.9 million in total expenditures from MEMSOF. From fiscal 1993 to 2007, MEMSOF revenues grew by 1.4%, while expenditures grew by 4.9%. Legislative Services projects that, over time, growth in MEMSOF expenditures will outpace growth in revenues and that, in order for MEMSOF to continue to provide monies that support the priorities of statewide emergency medical services, a revenue enhancement is necessary.

State Expenditures: MEMSOF expenditures could increase by as much as \$150,000 annually beginning in fiscal 2009 to reimburse private helicopter companies. This estimate assumes that private helicopter companies will transport patients from the scene of an out-of-hospital medical emergency to a health care facility when dispatched by MIEMSS approximately 25 times annually with total expenditures capped annually at \$150,000. The amount of reimbursement provided per transport will depend on the specific Medicare rate for that transport and the amount of reimbursement private helicopter companies secure from sources other than the patient. To the extent fewer transports are provided or private helicopter companies are able to collect reimbursement from health insurance companies, expenditures could be lower than \$150,000.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *Air Ambulance Study Required Under Senate Bill 770*, Maryland Health Care Commission, December 2006; Department of State Police; Department of Health and Mental Hygiene; Maryland Institute for Emergency Medical Services Systems; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2008
mam/ljm Revised - Clarification - March 11, 2008
Revised - Senate Third Reader - April 1, 2008

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510