

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1121

(Senator Serafini)

Budget and Taxation

Health Insurance - Coverage of Air Ambulance Transport Services

This bill requires an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that provides hospital, medical, or surgical benefits to provide coverage for medically necessary “air ambulance transport services.” A carrier must ensure that its provider panel includes a sufficient number of providers of air ambulance transport services to meet the health care needs of its insureds and enrollees. If an insured or enrollee is balance billed by an air ambulance transport services provider that is not on a carrier’s provider panel, the carrier must hold the insured or enrollee harmless for the amount of the balance bill.

The bill takes effect June 1, 2016, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after January 1, 2017.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2017 from the \$125 rate and form filing fee. MIA can likely review additional filings with existing budgeted resources. Expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State Plan) may increase by an indeterminate amount, as discussed below.

Local Effect: Meaningful for local governments that purchase fully insured health insurance to the extent premiums increase.

Small Business Effect: Meaningful for small business air ambulance transport services eligible for insurance reimbursement under the bill.

Analysis

Bill Summary: “Air ambulance transport service” means the transport of an individual by aircraft, including a helicopter, to a health care facility to receive health care services.

Current Law/Background: 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 seek reimbursement from the State, a local jurisdiction, a municipality, or a volunteer fire company. A small number of patients transported by an air ambulance company could be faced with a sizeable bill if the service is not covered by their payer, 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.

The federal Airline Deregulation Act (ADA) preempts states’ ability to “enact or enforce a law, regulation, or other provision having the force and effect of law related to price, route, or service of an air carrier that may provide air transportation.” In 2006, at the direction of the General Assembly, the Maryland Health Care Commission conducted an [Air Ambulance Study](#), which examined the cost and reimbursement for services provided by air ambulance companies. The report concluded that the State has limited authority to remedy significant balance billing that patients face after receiving emergency air transport services, noting that the “broad sweep of the ADA is the primary constraint to action.” In September 2015, MIA held a public hearing on the issue of balance billing by air ambulance providers in response to ongoing consumer complaints about air ambulance bills, some in excess of \$20,000.

The federal Patient Protection and Affordable Care Act requires nongrandfathered health plans to cover 10 essential health benefits, including emergency services. This benefit must include emergency ambulance transportation by ground, water, or air. Medically necessary ambulance services are covered under Maryland’s benchmark plan without any permissible exclusion for air ambulances.

According to MIA, coverage is currently required for nongrandfathered individual health benefit plans and both grandfathered and nongrandfathered small group health benefit plans. MIA advises that the bill establishes a new mandate for the large group market.

State Expenditures: The Department of Budget and Management (DBM) advises that the State Plan is largely self-insured for its medical contracts and, as such, would generally not be subject to this mandate. Furthermore, provisions in the self-insured medical plans do not allow balance billing for air ambulance transports. However, the one fully insured integrated health model medical plan in the State Plan would be subject to this mandate,

which could increase premium costs for participants enrolled in that plan. According to DBM, any such increase is indeterminate and cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: HB 1376 (Delegate Parrott, *et al.*) - Health and Government Operations.

Information Source(s): *Air Ambulance Study*, Maryland Health Care Commission; Maryland Institute for Emergency Medical Services Systems; Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2016
md/ljm

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