

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 786 (Delegates Rudolph and Poole)
Environmental Matters

Medicaid Program - Emergency Service Transporters - Reimbursement

This bill provides that the State must reimburse a public emergency service transporter for transporting a Medicaid recipient to a facility if the recipient requires the use of life support instrumentation during the transport to the facility. The emergency service transporter will be reimbursed even if the recipient is dead on arrival at the facility.

Fiscal Summary

State Effect: Expenditures for the Medicaid program would increase by \$9.9 million in FY 1998, which reflects the October 1, 1997 effective date (\$4.95 million general funds and \$4.95 million federal funds). General fund expenditures would be offset by \$188,000 in Medevac reimbursements, resulting in a net increase in general fund expenditures of \$4.76 million. Future year expenditures reflect annualization and inflation. General fund revenues would increase by \$188,000 in FY 1998, which is the federal fund share of the Medevac reimbursement. Future year revenues reflect annualization and inflation.

(in thousands)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$188	\$263	\$276	\$288	\$302
GF Expenditures	\$4,762	\$6,637	\$6,925	\$7,262	\$7,599
FF Expenditures*	\$4,950	\$6,900	\$7,200	\$7,550	\$7,900
Net Effect	(\$9,524)	(\$13,274)	(\$13,849)	(\$14,524)	(\$15,197)

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

* Federal fund expenditures are reimbursable by the federal government.

Local Effect: Revenues for local jurisdictions that provide emergency services transport would increase by an estimated \$4.75 million in FY 1998. Revenues for volunteer companies would increase by an estimated \$4.75 million in FY 1998.

Small Business Effect: None. The bill relates to public emergency service transporters, which are local governments, volunteer companies, and the State police.

Fiscal Analysis

State Effect: Current coverage under the Medicaid program is only for non-emergency transport. As a result of the bill, expenditures for the Medicaid program would increase by \$9.9 million in fiscal 1998, which reflects the October 1, 1997 effective date (\$4.95 million general funds and \$4.95 million federal funds). The estimate is based on the following facts and assumptions: (1) there are approximately 342,000 emergency trips annually; (2) there are three types of emergency service transport: Basic Life Support (BLS), Advanced Life Support (ALS), and Medevac; (3) the approximate average cost of these emergency transportation services are \$125, \$450, and \$1,200, respectively; (4) 29% of all emergency calls are for BLS, 71% of all emergency calls are for ALS; and there are 4,500 Medevac trips annually; (5) 9.3% of Maryland's population are Medicaid recipients; (6) BLS and ALS emergency services trips are reimbursed at \$5 and \$10 per mile, respectively; and (7) half of the emergency trips are provided by local government companies, half by volunteer companies, and Medevac trips are provided by the State police.

The tables below (**Exhibit 1 and 2**) represent the cost of each type of trip and the total cost of the bill to the Medicaid program. In addition, **Exhibit 2** presents the revenues that would accrue to local governments, volunteer companies, and the State police as a result of this bill.

Reimbursements for Medevac trips (\$376,650) revert to the State general fund. Of the \$376,650, \$188,325 are federal fund revenues and \$188,325 are general fund revenues. Consequently, the net effect on the general fund is an increase in expenditures of \$4.76 million (increase of \$4.95 million for the Medicaid program and decrease of \$188,000 for Medevac reimbursement).

Exhibit 1 **Emergency Service Transportation Costs to the Medicaid Program**

	BLS	ALS	Medevac
Total Trips	99,180	242,820	4,500
Percentage for Medicaid	9.3%	9.3%	9.3%
Total Medicaid Trips	9,224	22,583	418.5
Cost Per Trip	\$150	\$500	\$1,200
Cost to Program	\$1,383,561	\$11,291,130	\$502,200

Exhibit 2 **Total Expenditures for the Medicaid Program and Revenues to Public Entities**

	Total Annual Cost: FY 1998*	Cost Effective Oct. 1, 1997*
Total Medicaid Expenditure	\$13,176,891	\$9,882,668
Revenues to Local Govern.	\$6,337,346	\$4,753,009
Revenues to Volunteer Gps.	\$6,337,346	\$4,753,009
Revenues to State Police	\$502,200	\$376,650

* 50% are federal fund shares

Future year expenditures and revenues reflect annualization and an inflation factor of 4.7%.

Local Revenues: Based on the assumptions enumerated above, revenues for local governments that provide emergency services transport could increase by approximately \$4.75 million in fiscal 1998. Additionally, revenues for volunteer companies, which are not part of local government, would increase by approximately \$4.75 million in fiscal 1998.

Information Source(s): Department of Health and Mental Hygiene (Medical Care Policy Administration), Department of State Police, Department of Fiscal Services

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