

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 922

(Senator Lawlah, *et al.*)

Finance

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Private Commercial Air Ambulance Pilot Program for Prince George's Hospital  
Center

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This bill creates a Private Commercial Air Ambulance Pilot Program for Prince George's Hospital Center.

The bill takes effect July 1, 2004 and terminates September 30, 2005.

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Fiscal Summary

**State Effect:** Department of State Police (DSP) general fund expenditures could increase by as much as \$2.5 million in FY 2005. DSP special fund expenditures could decrease by \$980,000 in FY 2005 from the closure of the Trooper 2 helicopter base. These savings would be awarded as a grant to the Prince George's Hospital Center in FY 2005. The bill's reporting requirements could be handled with existing Maryland Institute for Emergency Medical Services Systems (MIEMSS) budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The purpose of the program is to test the feasibility of using commercial air ambulance services as an alternative to DSP helicopters. The program must be administered by MIEMSS in cooperation with the Aviation Division of DSP.

MIEMSS and the State Police must: (1) close the Trooper 2 helicopter base for a period of one year; and (2) refer all calls previously serviced by the Trooper 2 helicopter base to private commercial air ambulance services or commercial medical evacuation helicopters currently operating in the State.

MIEMSS must calculate the savings achieved from the reduction in operational expenses, not including personnel, related to the temporary closure of the Trooper 2 helicopter base, provide a grant to Prince George's Hospital Center in an amount equal to the savings achieved, and adopt regulations necessary to implement the program. The grant must be used exclusively for the operation of Prince George's Hospital Center trauma center.

By October 1, 2005, MIEMSS must report to the Governor and the General Assembly on the implementation and performance of the program. The report must: (1) evaluate the costs, benefits, and operational experience of the program; (2) quantify any savings generated by the program; (3) identify the amount of any grant award to Prince George's Hospital Center; and (4) assess the performance of the program in meeting the aeromedical transportation needs of Prince George's County and Southern Maryland.

**Current Law:** The DSP Aviation Division provides airborne delivery of emergency medical, law enforcement, and search and rescue services.

**Background:** The Aviation Division was established in 1961 to provide airborne law enforcement and aerial search and rescue support for DSP and other law enforcement agencies in Maryland. On March 19, 1970 its role was expanded to include medical evacuation (Medevac).

The Trooper 2 Aviation Division is located at Andrews Air Force Base in Forestville, Maryland. It serves Prince George's, Anne Arundel, and Carroll counties. In calendar 2001 and 2002, it conducted the most Medevac flights in Maryland, flying about 1,100 per year.

The DSP Aviation Division operates 12 Eurocopter AS365 Dauphins in various configurations from eight bases throughout Maryland. All aircraft are equipped to provide Advanced Life Support (ALS) levels of emergency care as well as conduct search and rescue and law enforcement operations. Roughly 80% of the Aviation Division's mission is Emergency Medical Services (EMS) related with the overwhelming majority of flights performed as scene Medevac. The Aviation Division currently conducts more than 99% of all annual scene transports in the State. A small percentage of EMS-related flights are interhospital transfers. Roughly 20% of missions performed by the Aviation Division are devoted to search and rescue and law enforcement. Special funds from the Maryland Emergency Medical System Operations Fund (MEMSOF)

support Medevac functions and general funds support search and rescue and law enforcement functions. For fiscal 2003 and 2004, the split was 80% special funds/20% general funds based on the ratio of Medevac flights to rescue/law enforcement. The Aviation Division flies about 6,000 to 7,000 helicopter missions each year for emergency medical services.

The helicopters are five to 15 years old, and DSP expects to start replacing helicopters beginning in fiscal 2007. It is estimated that the replacement cost per helicopter is \$6 to \$7 million.

In 2003, the Joint Legislative Committee to Study and Make Recommendations about the Structure and Funding of the State's Emergency Medical Response System considered the issue of privatizing part or all of the State's Medevac operations. At a November hearing, DSP indicated there were efficiencies of scale from the multiple uses of the helicopters that provide both Medevac and law enforcement support. DSP considered interhospital transfers of patients to be a secondary mission and supported commercial services for this role. Commercial air ambulance services stated that they believe the integration of private air ambulance services in the State with the public service provided by DSP would result in a more efficient and effective Medevac system. The private services indicated that they could provide better quality of care since they include both a paramedic and a critical care nurse while DSP does not. In addition, commercial services indicated that their billing a patient's insurance company for air ambulance transport would not significantly increase insurance premiums in the State. Air ambulance transport charges ranged from \$4,200 per flight for MedStar and \$8,000 per flight for STAT MedEvac, two commercial services. The committee did not make a recommendation on the potential for increased use of commercial air ambulance services for scene transports, indicating this is an issue that would be researched and discussed further during the 2004 interim.

The fiscal 2005 MEMSOF allowance is \$50.4 million, of which the DSP Aviation Division receives about 31.3%, or \$15.8 million.

**State Fiscal Effect:** DSP general fund expenditures could increase by as much as \$2.5 million in fiscal 2005 if the Trooper 2 helicopter base is closed. Trooper 2 serves not only Prince George's County, but Anne Arundel and Carroll counties as well. The Aviation Division would still be required to provide airborne law enforcement services for the entire area and Medevac services for Anne Arundel and Carroll counties. Relocating to another air field could cost as much as \$2.5 million in fiscal 2005.

DSP special fund expenditures could decrease by about \$980,000 in fiscal 2005 only, which accounts for the bill's July 1, 2004 effective date. The estimate is based on the following facts and assumptions:

- Trooper 2 is responsible for about 20% of all Medevac missions flown in Maryland each year;
- suspending Trooper 2 Medevac flights would decrease special fund expenditures by about \$3.16 million; and
- personnel costs account for about 80% of Trooper 2 operating costs and would continue after the shut down, reducing savings by \$2.18 million.

This estimate does not reflect lost efficiencies of scale, which would further reduce the estimated savings.

The savings would be awarded as a grant to the Prince George's Hospital Center.

The administrative and reporting requirements could be handled with existing MIEMSS budgeted resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Institute for Emergency Medical Services Systems, Department of State Police, Department of Legislative Services

**Fiscal Note History:** First Reader - March 23, 2004  
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