

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

Senate Bill 634
 Finance

(Senator Pipkin, *et al.*)

**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 (EMS) Board must adopt regulations and protocols for the dispatch and reimbursement of private helicopter companies to support the medically oriented functions of the Maryland State Police Aviation Command (MSPAC).

Fiscal Summary

State Effect: MEMSOF expenditures increase by as much as \$150,000 annually beginning in FY 2011 to reimburse private helicopter companies. No effect on revenues.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
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 may receive slightly less funding for emergency medical services operations.

Small Business Effect: Small business privately owned helicopters may receive additional reimbursement, while small businesses EMS vendors may 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 (MIEMSS). 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 8,400 patients are transported by air ambulance annually in Maryland. MSPAC transports approximately 2,400 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 MIEMSS. 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 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 (1) the financial aspects of inter-hospital patient transfer and scene transport by air ambulance services operating in Maryland; (2) State and federal laws applicable to the operation of air ambulance services; and (3) 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 2010, Medicare rates for rotary air transportation were \$3,042 plus \$21.53 per mile for urban transports and \$5,103 plus \$32.20 per mile for rural transports.

Recent Developments Regarding Medevac Helicopters: For almost 10 years, MSPAC operated with a fleet of 12 helicopters and 2 fixed winged aircraft. As a result of a 2008 helicopter accident, MSPAC now operates with 11 helicopters. Following the fatal crash, MIEMSS convened an Expert Panel to Review Helicopter Utilization in Scene Transport of Trauma Patients in November 2008. Recommendations issued by the panel indicate that MSPAC should take the necessary steps to achieve accreditation by the Commission for the Accreditation of Medical Transport Systems (CAMTS). The panel also recommended that all Medevac operations be conducted under Part 135 of the Federal Aviation Administration (FAA) regulations – the same standard under which commercial air taxis operate.

CAMTS accreditation is a program of voluntary compliance with standards that demonstrate the ability of providers to deliver service of a specific quality. In order to achieve CAMTS accreditation, MSPAC must be Part 135 certified and operate with two medical crew members per flight. MSPAC currently operates under Part 91 of FAA regulations and with only one medical care provider per flight. In order to achieve and maintain Part 135 certification, MSPAC estimates that it will cost a total of \$415,000 in one-time costs and \$645,000 in ongoing costs. MSPAC received approval from the EMS Board to make the changes necessary to be in compliance with Part 135 and is awaiting a determination regarding CAMTS accreditation. MSPAC estimates that it will cost an additional \$1.7 million to hire 30 additional paramedics. Eighty percent of the costs for Part 135 certification and CAMTS accreditation will be allocated to MEMSOF. The process is anticipated to take at least one year to complete.

As a safety measure, MSPAC requested funding from the EMS Board for new equipment (e.g., night vision imaging systems, terrain awareness warning systems, and a flight simulation). Additionally, MSPAC requested funding to begin the initial hiring of 30 Medevac co-pilots. MSPAC reports that hiring an additional pilot will substantially increase the safety of each Medevac flight. While the EMS Board has approved MSPAC's request for new safety equipment, and the fiscal 2010 budget included \$546,000 for the equipment (of which 80% is from MEMSOF), the request to add additional pilots is still under review.

Maryland Emergency Medical System Operations Fund: 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 (1) the Maryland State Police, Aviation Division; (2) MIEMSS; (3) the R. Adams Cowley Shock Trauma Center; (4) the Maryland Fire and Rescue Institute; (5) local grants under the Senator William H. Aross Fire, Rescue, and Ambulance Fund; and (6) the Volunteer Company Assistance Fund.

MEMSOF earned approximately \$51.0 million in revenues in fiscal 2009; the Governor's proposed fiscal 2011 budget includes \$52.3 million in total expenditures from MEMSOF. The Department of Legislative Services' budget forecast projects that, from fiscal 2010 through 2015, MEMSOF revenues will grow by 1.3%, while MEMSOF expenditures increase by 2.9%. Over time, growth in expenditures will outpace growth in revenues. MEMSOF could remain viable until as late as fiscal 2012. However, if all of MIEMSS' Expert Panel recommendations and MSPAC's requested safety enhancements are made, MEMSOF will be viable only through fiscal 2011.

State Expenditures: MEMSOF expenditures increase by as much as \$150,000 annually beginning in fiscal 2011 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 may be lower than \$150,000.

Additional Information

Prior Introductions: SB 649 of 2009 failed third reading in the Senate. Its cross file, HB 1151, was withdrawn after a hearing in the House Appropriations Committee. SB 810 of 2008 passed the Senate with amendments and was heard by the House Appropriations Committee; no further action was taken.

Cross File: None.

Information Source(s): Maryland Institute for Emergency Medical Services Systems, Department of Health and Mental Hygiene, Department of State Police, Department of Legislative Services

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