



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary

March 10, 2021

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401 – 1991

RE: SB 865 – Maryland Medical Assistance Program – Emergency Service Transporters – Reimbursement – Letter of Information

Dear Chair Kelley and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information on SB 865 – Maryland Medical Assistance Program - Emergency Service Transporters – Reimbursement.

Maryland Health-General Ann. § 15-114.1 currently limits Medicaid reimbursement of emergency medical services (EMS) to transports to hospital facilities. SB 865 would remove the facility limitation and require MDH to reimburse for EMS when transport is provided to alternative destinations. In CY18, the Medicaid Program reimbursed EMS providers for 115,474 emergency transports at \$100 per transport, subject to a 50% federal match. The Maryland Institute for Emergency Medical Services Systems (MIEMSS) estimated that 13% of participants who called 911 from CY 2015 through CY 2018 did not receive transport. Assuming the 115,474 transports represent 87% of calls that would be eligible for payment under SB 865, MDH would expect an additional 17,255 new transports would be eligible for reimbursement. These new transports would cost an estimated \$1.7 million annually, subject to a 50% federal match. Additional, indeterminate costs, would also be realized due to cost shifting to Medicaid as the bill as drafted does not apply to private payers.

MDH recognizes the challenges faced by EMS providers as they face high volumes of 911 calls and emergency department wait times that exceed the national average. **To that end, MDH is working on two initiatives that will provide more funding for EMS services, (1) a pilot program to reimburse transportation to alternative destinations in four jurisdictions that currently provide 48% of all Medicaid EMS transports, and (2) a budget neutral program that will generate \$60M in new federal matching funds for EMS providers each year.**

As part of the upcoming 1115 Waiver Renewal, MDH is requesting to pilot an Emergency Triage, Treat, and Transport (ET3) program for Medicaid beneficiaries. The 1115 Waiver Renewal will be submitted in July 2021 with an anticipated effective date of January 1, 2022. ET3 is a voluntary, five-year payment model that will provide greater flexibility to ambulance care teams to address emergency health care needs of Medicare Fee-for-Service (FFS)

beneficiaries following a 911 call. CMS will continue to pay to transport a Medicare FFS beneficiary to a hospital emergency department or other covered destination. In addition, under the model, CMS will pay participants to 1) transport to an alternative destination partner, such as a primary care office, urgent care clinic, or a community mental health center (CMHC), or 2) initiate and facilitate treatment in place with a qualified health care partner, either at the scene of the 911 emergency response or via telehealth.

The ET3 model would allow beneficiaries to access the most appropriate emergency services at the right time and place. The model will also encourage entities that operate or have authority over 911 dispatches to promote successful ET3 model implementation by establishing a medical triage line for low-acuity 911 calls. As a result, the ET3 model aims to improve quality and lower costs by reducing avoidable transports to the ED and unnecessary hospitalizations following those transports. Currently 4 jurisdictions, responsible for 48% of Medicaid EMS transports, have ET3 pilot programs for Medicare beneficiaries, and MDH will be working to incorporate these pilots into Medicaid. As a part of their ET3 work, all participating jurisdictions have contracted with urgent care providers and other community providers to ensure care upon arrival, and MDH will ensure that all MCOs accept claims from ET3 participating providers.

MDH notes that for coverage of transportation to alternative destinations to be successful on a statewide basis, it must be implemented on an all-payer basis, applying to both public and private payers. It is common for Medicaid enrollees to have one or more additional sources of coverage for health care services. Federal law requires that all other third party resources must meet their legal obligation to pay claims before the Medicaid program pays. If a Medicaid-covered service is not reimbursed by third party insurance, Medicaid is obligated to pay for the service. If Medicaid reimburses EMS for transport to alternative destinations before other payers decide to do so, costs for these services would be shifted to Medicaid. Requiring reimbursement from both public and private payers to EMS would avoid such cost-shifting. Lastly, planning is also needed to ensure payers include providers designated as alternative destination sites in their networks to ensure care upon arrival.

In addition to ET3, MDH has submitted, pending approval, an amendment to the Maryland State Medical Assistance State Plan that will create a public Emergency Service Transporter Supplemental Payment Program (ESPP) for eligible public EMS providers. The payment will be based on Certification of Public Expenditures (CPE) and matching federal Medicaid funds. **No new state general funds will be used; therefore, this program is budget neutral to MDH except for administrative costs associated with program administration.** The proposed State Plan Amendment will increase funding to eligible Emergency Service Transporters by providing a federal match for qualifying state-based expenditures incurred through the provision of qualifying services as documented in a CPE. Eligible EMS providers would be able to document their total cost of providing an emergency medical transport, and receive a 50% federal match for the difference between that total expended cost and the Medicaid reimbursement for transports (currently \$100). **In FY22, an estimated \$60 million in State expenditures will be matched by \$60 million in federal Medicaid funds.** These federal matching funds will be dispersed to eligible providers based on the CPEs submitted.

Currently, 14 of the 105 EMS providers in Maryland are eligible for ESPP. In CY18, these 14 Jurisdictional EMS Operation Programs provided 82% of Medicaid EMS transports. It is expected that this number will rise as more providers meet the requirements. Most of the

ineligible providers are commercial services and volunteer fire departments, as they do not have qualifying state-based expenditures. If the ESPP is approved by CMS, and SB 865 passes, then the applicable Medicaid reimbursement rate would be used in the yearly CPE calculations for eligible emergency service transporters.

I hope this information is useful. If you would like to discuss this further, please do not hesitate to contact me at webster.ye@maryland.gov / (410) 260-3190 or Heather Shek, Director of Governmental Affairs at heather.shek@maryland.gov or at the same phone number.

Sincerely,

A handwritten signature in blue ink, appearing to read "Webster Ye".

Webster Ye
Assistant Secretary, Health Policy