Medicare Ambulance Relief Extension
Talking Points for Meetings with Members of Congress

Extend Medicare Ambulance Relief

- I respectfully request that you extend Medicare ambulance relief in order to ensure continued access to ambulance services. Without Congressional action, the 2% urban, 3% rural and super rural add-ons will expire at the end of the year.

- Our operation provides critical health care and first responder services to the communities that we serve. As the recent hurricane has shown, the need for a robust ambulance infrastructure is critical.

- The majority of ambulance service providers are small businesses and often the only provider of emergency and non-emergency ambulance services for their community.

- Medicare reimbursement represents a large portion of total payments for ambulance service providers with Medicare patients being on average 50% of ambulance transports.

GAO Report

- Unfortunately, Medicare reimbursement is also significantly below the cost of providing services.

- As part of the Middle Class Tax Relief and Job Creation Act of 2012, Congress asked the GAO to update its 2007 ambulance report. On October 1, 2012, the GAO released its updated report.

- The GAO found that ambulance service providers are reimbursed 1% below cost when the add-ons are not taken into account.

- The report builds upon the 2007 GAO report which likewise found that ambulance providers are reimbursed below cost for treating Medicare beneficiaries.

- Although the two reports utilize differing methodologies, both reports demonstrate chronic underfunding of the ambulance system over a period of many years.

- Additionally, the GAO report likely underestimates the financial difficulties facing ambulance service providers.
The GAO utilizes 2010 data in its analysis. Since 2010, ambulance service providers have been subject to several policies that have further reduced funding to ambulance services, including:
  - Productivity adjustments. These adjustments resulted in reductions of 1.2% in both 2011 and 2012 in ambulance annual updates.
  - Fractional mileage requirements. According to CMS, this policy will reduce ambulance payments by $30 to $80 million annually, or 0.8 percent; and,
  - Increased fuel costs. The GAO estimates fuel costs at $3 a gallon. This number does not reflect the cost today of diesel fuel used by ambulance service providers.

Additionally, the report did not exclude a temporary GPCI add-on in 2010 and 2011 that has now expired. This represented a 1.6% percent payment increase. Excluding this temporary increase from the calculation, providers are actually being reimbursed 2.6% below cost.

Taking these elements into account, ambulance service providers are facing even greater challenges than those identified by the GAO.

This chronic below-cost Medicare reimbursement has hampered the efforts of ambulance service providers to hire new staff, update equipment, and continue to provide services throughout all of their communities.

MedPAC Report

- The Medicare Payment Advisory Commission (MedPAC) recently released recommendations to reform the ambulance payment system.
- As demonstrated by the consistent underfunding of ambulance services, it is clear that the ambulance payment system needs to be improved.
- However, MedPAC recommended changes that, if implemented, would place legitimate ambulance services at risk and could result in access to care problems.
- MedPAC acknowledges that payments for some types of ambulance transports should increase, but would do so by significantly cutting payments for others.
- MedPAC seeks to curb problems identified with one type of transport, but targets all nonemergency BLS services, not only the fraudulent actors.
- MedPAC would also eliminate certain payments for rural mileage, resulting in an additional 9.7 percent cut to the majority of rural providers.
• Any reform to Medicare ambulance payments should utilize a thoughtful process based on data and a thorough consideration of the complex issues involved.

• At a minimum, Congress should extend the add-ons, as supported by the recent GAO findings, while it fully analyzes the complex reform recommendations by MedPAC.

**Conclusion**

• The GAO reports demonstrate how vital Medicare ambulance relief is to ensuring continued access to ambulance services.

• To account for the difficulties facing ambulance service providers, and provide adequate time for thoughtful consideration of reform, Congress should extend the ambulance payment relief of 2% for services provided in urban areas, 3% in rural areas and the bonus payment for services provided in “super rural” or extremely remote areas.