



**ACCT Talking Points for Members
March 15, 2016**

As many of you have been following, recent media stories are highlighting the rapid and exorbitant increase in charges for air medical services. We have learned of an upcoming investigative story on ABC national news regarding the charges issue. This is following expanded recent press over the past year in Florida, Texas, South Carolina, Maryland, North Dakota, Nevada, and Montana. The legislatures and insurance regulators in many of these states are now involved due to the increasing numbers of patient complaints.

As national ABC is instructing their local affiliates to follow up you will need to be prepared to address questions from the press. Background you might find helpful:

- ❖ Air medical transport services clearly benefits patients needing timely access to trauma and specialty care centers. Multiple studies show that access to a well-designed air medical system saves lives for time critical patients, including trauma, particularly traumatic brain injury. Increasing evidence shows similar positive correlations to survival and health outcomes for patients with heart attacks and strokes needing intervention at specialized centers.
- ❖ As important, well designed air medical transport systems are a cost effective means in which to improve care within constrained healthcare expenditures as measured in healthcare economics in reducing death rates and improving functional life quality for survivors.
- ❖ Without question, the costs of providing a 24/7/365 emergency service are substantial, requiring adequate funding for readiness of dedicated specialty teams, equipment, and medical aircraft. Further, the need to provide emergency services to patients without insurance and patients covered by government insurance programs reimbursing less than cost challenge all medical providers to provide care for all patients in need on an equitable basis. More than 70% of the critical patients transported by many providers are either uninsured, underinsured, or have insurance that covers less than the cost of providing the transport. In addition, the ACA has brought a significant increase in high-deductible health plans, forcing providers to accept lower reimbursements for patients who have not met their deductible.
- ❖ Costs and charges, however, are not moving in tandem in some healthcare market areas. Rapid increases in overall charges, combined with the 2-3x differential in charges of providing the same service within the same market area, requires close scrutiny of the real costs of providing services versus the rates being charged by individual companies.
- ❖ Recognizing the patient and public benefit of air medical transport systems, regulators, insurance companies, health authorities, the public and patients are concerned with the rapid escalation of charges for air medical services. Recent national media stories regarding

unconscionable charges illustrate patients and families encountering medical bankruptcy due to a single medical emergency transport.

There are a number of immediate policy changes available to improve the system. ACCT believes medical providers, patients, regulators, and policy makers are better served in a designed system with transparent costs and charges. There are a number of immediate steps which will lead to a safer, more effective, more accountable, and patient centric system:

- Continuing consolidation coupled with market saturation is tied to rapid increases in charges. The Federal Trade Commission, as well as state health and insurance regulatory authorities, should assess the market to determine whether intense competition by air medical companies improves access to care, improves quality, and/or reduces costs.
- A small number of companies have increased charges to patients by over 300% over the last 7 years, far in excess of inflation and annual charge increases in any other medical service. Recent data shows substantial differences between charges by non-profit and for profit companies for the same services, often in the same areas. There is no reasonable explanation for these increases, especially considering the companies involved are reporting substantial profits in the same time periods. MedPAC and state insurance regulators should assess the relationship of costs to charges, the relationship of number of suppliers to volume of transported patients, and supplier and provider profitability to develop usual and customary charge models.
- The Medicare Fee Schedule implemented in 2002 is directly correlated to the rapid growth of air ambulance helicopters, but does not recognize actual costs or quality of services. In addition, the Medicare Fee Schedule incentivizes the use of helicopters rather than ground critical care ambulances, which are more appropriate in certain cases. The effects of the fee schedule on the helicopter air ambulance industry should be studied, and cost reporting by ambulance suppliers should be mandatory.
- A small group of air medical companies have used the Airline Deregulation Act to overturn state health, emergency medical services, and insurance regulations that apply to all other hospital, ambulance, and physician providers. At the time of enactment of the ADA in 1978 there were only a handful of air medical companies in the US. ACCT believes the ADA was never intended to apply to air ambulances and the vulnerable patients who have neither choice of carriage or carrier during an emergency; The ADA should be amended to allow adequate oversight of air medical services by state health authorities.
- Improving the safety of medical helicopters is a continued priority. ACCT believes in assuring the highest level of patient and operational safety, including adopting all recommendations of the National Transportation Safety Board which exceed current FAA regulations.

About ACCT:

The Association of Critical Care Transport is organized as a patient advocacy organization engaged on many fronts to build a better system. Comprised of leading critical care medical transport agencies across the country ACCT initiatives include:

- Working to carve air medical services out of the Airline Deregulation Act. (ADA)
- Working to measurably improve the clinical and patient safety standards of care for critically ill and injured patients;
- Working to better integrate state and federal oversight of air ambulance services;
- Working to assure reimbursement for medical care to patients is aligned with need and based on transparent and cost and quality measure reporting.

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