

# United New York Ambulance Network (UNYAN)

## NYS Budget Testimony 11/17/07

The United New York Ambulance Network (UNYAN) is a not-for-profit membership organization that represents New York's Proprietary Ambulance industry. UNYAN was established in 1998 to advance the highest standards of training and care in the medical and emergency medical transportation industry. UNYAN has forged a common resolve to lead the industry toward providing reliable, cost effective approaches to high quality medical and emergency transportation services.

The UNYAN member companies provide 911 ambulance services in 22 of the 25 largest cities in New York State and 50 of the 62 counties. UNYAN members employ nearly 7,500 Paramedics, Emergency Medical Technicians, Dispatchers, and related personnel, to deliver emergency medical care and ambulance services to over 14 million urban, suburban and rural New Yorkers. UNYAN does half of the emergency calls in New York State.

In addition to those essential life and limb saving emergency calls, these private companies handle over 3/4 of the non-emergency calls in the State. This function is not as high profile as the 911 work, but is equally important to New York's healthcare system.

Without the non-emergency transport services that we provide, the throughput of the healthcare system would be catastrophically disrupted. On the outflow side, New York's overcrowded and often under-staffed hospitals, nursing homes, and clinics would swell; exacerbating the overcrowding and staffing issues that plague our Emergency Departments, due to an inability to effectively and efficiently move patients out. On the input side "essential access" to approved and prescribed medical care would be significantly limited.

### **INADEQUATE MEDICAID REIMBURSEMENT**

I appear here today to appeal to you include the resources in the 2008-2009 Budget to reform the Medicaid ambulance reimbursement system, and to begin to pay ambulance services at rates which approach the cost to provide the service.

Since the inception of the Medicaid system, ambulance services have been reimbursed based upon an archaic county by county system that has established a wide range of reimbursement rates. There is not, and never there never was, a logical, sound basis for establishing these rates. The patchwork of rates across the state would make an Amish quilter take notice. The only thread of consistency is that they are all far below the cost to provide the service.

To properly frame the significance of this longstanding underpayment I must refer you to a pair of nationwide reports issued this spring that analyzed Ambulance reimbursements in 2004. The reports were:

- 1.) Government Accounting Office (GAO) Report 07-383
- 2.) The American Ambulance Association Cost Survey.

Key findings in these two reports are summarized below.

Ambulance providers are paid substantially below their average costs to provide services to patients covered under Medicare.

1. GAO - Medicare payments in 2004 were 6% below cost on a national level and 17% below cost in “super rural” areas
2. AAA - Medicare payments in 2004 were 8% below average cost per transport
3. The Medicare share of transports is greater than Medicare’s share of the payments.
  - GAO - Medicare patients represent 40% of total transports while comprising only 31% of total revenue.
  - AAA - Medicare patients are the largest share of total transports for ambulance providers representing 44% of total transports while comprising only 41% of total revenue.

Ambulance services also provide more uncompensated care than any other major healthcare provider group.

- AAA - The average uncompensated care burden for ambulance services ranges from 10.8% to 16.5% of all ambulance care. By comparison, hospitals report an average of 5.6% in uncompensated care while physicians report an average of 4.3%.

These figures are essential when discussing inadequate Medicaid reimbursement because it focuses on how low the Medicaid rates really are.

This is not a new issue, but it is supported by more facts than ever.

In The 2005-06 and 2006-07 budgets, Medicaid Ambulance Supplemental funds approved and paid to ambulance providers to offset a small part of the losses that we take on each and every Medicaid trip we provide. These supplemental payments were appreciated. Thank you, thank you very much!

But, even though we appreciate the State’s efforts to provide supplemental assistance to the industry, that supplemental payment system was flawed. Not only did it unfairly cap the amount of funds available to providers in the 5 boroughs of NYC, it magnified the inequities of the patchwork system, by paying more to those with the highest Medicaid rates, and less to those with the lowest rates. The system is in need of true reform

As we have proposed in the past, we continue to recommend that New York should adopt a Statewide Medicaid Ambulance Fee schedule that is based upon and at parity with the Federal Medicare Ambulance Fee Schedule (MAFS). There is no need for New York to spend money reinventing the system, the federal government, an equal partner, has already done. This approach will save money design dollars that can be directed to the delivery of services.

We respectfully request that you consider and include in your 2008 -2009 budget – the funding and the language – for this reform.

## **SALE TAX EXEMPTIONS**

We also respectfully request that you consider and include in your 2008 -2009 budget – the funding and the language for two sales tax exemptions that will help ambulance services and be good public policy.

We suggest that language and funding be included in the budget bill to:

- a.) Exempt purchases of capital equipment that are used directly in the provision of ambulance services; and
- b.) Exempt purchases of fuel used by ambulances and ambulance service vehicles.

Currently less than then 75 of the more than 1200 ambulance companies are required to pay NYS sales tax on fuel and capital equipment that is used directly in the provision of ambulance services - The private, for profit ambulance services. The others are either municipal or not for profit, and are therefore already tax exempt. This simply levels the playing field and will free up funds for improved coverage, better wages, new technology and/or new equipment.

## **WE DESERVE THIS RELIEF**

1. First and foremost, the private ambulance sector provides the majority of the ambulance services in the State. We are an essential component of the healthcare system. We are the safety net that the public relies upon. Yet, somehow, we are expected to get by on reimbursements that are less than cost for the majority of our work.
2. We are unique among health care providers. We are mandated responders. We have a legal duty to respond to all calls. Yet we only get paid for the calls that we end up transporting. About 3-5% of our calls are “treat and release” without transport, and as such –no bill, no pay. These numbers do not show up in the bad debt and charity care statistics.
3. The Ambulance industry has no bad debt and charity pool. As you can see from the AAA report, our losses to bad debt are double that of hospitals and Physician. All of these losses come right off the bottom line.

4. The number of patients, who depend on Medicaid as their primary coverage, is increasing at an alarming rate, especially in our urban and rural markets. Our Medicaid losses grow proportionally.
5. The Healthy New York Plan for low income New Yorkers does not even cover Ambulance services. The collections rate on this population is abysmal. As more and more people enroll in this plan, our losses increase.
6. The recruitment and retention of Qualified EMT's and Paramedics is a problem state wide. Many communities across our state are experiencing tremendous challenges to maintain availability of volunteer responders. The UNYAN members across the state provide EMS safety net for them. We are frequently called respond to assist our volunteer EMS partners.
7. Recruitment and retention problem affects private ambulance companies too! Our inability to pay wages commensurate with the level of training and responsibility is a function of inadequate reimbursement. It hampers our ability to attract and keep good Paramedics. They leave to become Firefighters; they leave to become Doctors, Nurses, and PA's. That trend can only be reversed by paying better, more competitive wages. According the US Bureau of labor Statistics, The EMT/Paramedic is the lowest paying job category in the healthcare professions! The current low wages are a function of the current low reimbursements rates.
8. Finally, the private ambulance industry in NYS owns and operates more ambulances than any other sector. We get virtually no homeland security funding. Since we are a private sector entity we are forgotten and left out the funding mechanisms for the training and equipping our staff and our ambulances to meet the needs of our citizens when the real disaster hits. EMS got only 4% of the billions of dollar of Homeland security funding. The vast majority of that went to municipal and not for profit squads. Very little went to the private ambulance services. When there is a true disaster, we will respond, but we won't not be as ready as we could and should be.

We provide care treatment and transportation to seriously ill or injured patients throughout the state, from Long Island and New York City to Buffalo, Watertown, Jamestown, and Herkimer too. Every day, our underpaid Paramedics make split second assessments; start IV's to infuse fluids and medications, splint broken bones, control bleeding, and start-stopped hearts.

I appeal to Governor Spitzer to include language and funding for the Reform of the Medicaid Ambulance reimbursement system and the implementation of Sales Tax exemptions on ambulance fuel and capital equipment.