

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA  
ROB PORTMAN, OHIO  
RAND PAUL, KENTUCKY  
JAMES LANKFORD, OKLAHOMA  
MICHAEL B. ENZI, WYOMING  
JOHN HOEVEN, NORTH DAKOTA  
STEVE DAINES, MONTANA

CLAIRE McCASKILL, MISSOURI  
THOMAS R. CARPER, DELAWARE  
JON TESTER, MONTANA  
HEIDI HEITKAMP, NORTH DAKOTA  
GARY C. PETERS, MICHIGAN  
MARGARET WOOD HASSAN, NEW HAMPSHIRE  
KAMALA D. HARRIS, CALIFORNIA

# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR  
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

September 20, 2017

Mr. Christopher A. Holden  
President and Chief Executive Officer  
Envision Healthcare  
6363 S. Fiddlers Green Circle, 14th Floor  
Greenwood Village, CO 80111

Dear Mr. Holden:

I write to request information from Envision Healthcare and its subsidiary, EmCare Holdings, Inc. (EmCare), regarding recent reports that EmCare is charging emergency room patients for out-of-network visits at a rate significantly higher than was previously paid for emergency care. Given EmCare's growing footprint in this sector and the significant impact that high emergency health care costs have on consumers, it is important for Congress to understand the development of EmCare pricing practices and the steps the company intends to take to address concerns about cost and care.

EmCare provides staffing and management services for emergency room care to hundreds of hospitals across the country. Public reports indicate that as EmCare has expanded its work, costs to consumers have increased significantly without corresponding increases in the quality of care. In July, the *New York Times* reported that after one Washington hospital contracted with EmCare to staff and run its emergency room, the number of patient ER visits that received the highest-level billing code jumped from 6% to 28%. For example, under the hospital's previous physicians, patients that received ER care with the highest-level billing code were charged \$467. That rate more than tripled to \$1,649 for similarly complex services under EmCare management. In addition, the hospital reported that management received "calls from confused patients who had received surprisingly large bills from the emergency room doctors." Despite the fact that the hospital had negotiated rates for its fees with several major health insurers, the data regarding EmCare's management suggests that it "did not sign contracts with the insurance company and was able to charge higher prices" to the patients directly.<sup>1</sup>

A study by Yale University found that patients in other parts of the country have been subject to similar rate increases for ER visits with EmCare-managed doctors. Using insurance

---

<sup>1</sup> *The Company Behind Many Surprise Emergency Room Bills*, New York Times (July 24, 2017) ([www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share](http://www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share)).

claims data, researchers found that in 22% of emergency episodes, patients attended in-network hospitals, but were treated by out-of-network physicians. The report noted that out-of-network billing allows physicians to significantly increase their payment rates relative to treating in-network patients. ER patients cannot avoid out-of-network physicians during an emergency, and – as a result – physicians have an incentive to remain out-of-network and receive higher payment rates. The study found that more than 60% of hospitals outsource emergency department (ED) care, and that the choice of ED management firm can have a “dramatic impact on the likelihood of out-of-network billing.” The researchers reviewed cost trends when EmCare assumed management at 16 hospital EDs from 2011 through 2015. The report concluded that in the first year EmCare entered hospitals with previously low out-of-network billing rates, out-of-network billing rates increased by over 70 percentage points. On average, in the second year of EmCare management, out-of-network billing rates for ER visits increased an additional 24.9 percentage points at those same hospitals. The report found “notable changes” in patient care and billing patterns after EmCare entered a hospital including an increase in the rate of high cost procedures. The study revealed that under EmCare management, ER patients were 43% more likely to be billed under the highest acuity and highest paying procedure codes, compared to hospitals where ED management was outsourced to another company.<sup>2</sup>

EmCare staffing and management may have contributed to a decline in health care quality and access for patients. For example, in Missouri, EmCare provides staffing and management services at more than ten hospitals across the state and has been subject to several complaints about cost and care. One of the Missouri facilities staffed by EmCare, the Centerpoint Medical Center of Independence, earned a D- rating from the Better Business Bureau for failing to appropriately respond to several complaints regarding billing.<sup>3</sup> The company is also currently involved in litigation alleging that EmCare pressured ER doctors to order expensive tests and admissions that were not medically necessary and “repeatedly terminated” personnel who objected to these actions.<sup>4</sup> And United Healthcare recently announced that it would stop paying the entire bill for out-of-network ER doctors and specialists that work at in-network hospitals—meaning patients could get stuck with the remainder of their medical bills.<sup>5</sup>

---

<sup>2</sup> Zack Cooper, *et. al.*, *Surprise! Out-of-Network Billing for Emergency Care in the United States*, National Bureau of Economic Research (July 2017) (online <http://www.nber.org/papers/w23623.pdf>).

<sup>3</sup> Better Business Bureau, Centerpoint Medical Center of Independence, LLC (online [www.bbb.org/kansas-city/business-reviews/hospitals/centerpoint-medical-center-of-independence-llc-in-independence-mo-99137714/reviews-and-complaints?section=reviews](http://www.bbb.org/kansas-city/business-reviews/hospitals/centerpoint-medical-center-of-independence-llc-in-independence-mo-99137714/reviews-and-complaints?section=reviews)) (accessed on Aug.3, 2017).

<sup>4</sup> *The Company Behind Many Surprise Emergency Room Bills*, New York Times (July 24, 2017) ([www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share](http://www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share)).

<sup>5</sup> *The Agony of Medical Bills*, The Atlantic (May 21, 2015) ([www.theatlantic.com/health/archive/2015/05/the-agony-of-surprise-medical-bills/393785/](http://www.theatlantic.com/health/archive/2015/05/the-agony-of-surprise-medical-bills/393785/)).

EmCare has acknowledged the complaints consumers have raised regarding pricing, but disputes the findings made by the Yale University study and other critics. EmCare released a statement calling the Yale study “fundamentally flawed and dated,” but admitted that the surprise billing received by many of their patients is “a source of dissatisfaction for all payors, providers and patients in our current health care system.”<sup>6</sup> EmCare maintains that that it has allowed hospitals to treat sicker patients when it takes over, and that an increase in such patients explained the higher billing in the Washington hospital profiled by the *New York Times*.<sup>7</sup> The company also indicated that it has taken some remedial action including that it has “already publicly committed to reaching agreements with insurers for the majority of its doctors within the next two years.”<sup>8</sup> Unfortunately, these types of contracts and pricing arrangements are not widely available to the public to provide access and transparency to consumers.

In order to better understand Envision and EmCare’s pricing models for emergency care services across the country, please provide a written response to the following questions no later than October 11, 2017:

1. Please provide the number of hospitals with which EmCare has contracts to manage ED services.
2. In the last five years, what percentage of emergency department visits delivered by EmCare physicians to privately insured patients were billed as out-of-network charges?
3. How many complaints have been received by Envision or EmCare regarding cost or care concerns for hospital emergency department services over the last five years?
4. In each of the last five years, in what percentage of EmCare emergency department cases in delivered to privately insured patients do you collect money from patients beyond their standard deductible/co-insurance/co-payment out-of-pocket costs (i.e. what share of your privately insured patients are balance billed by your company)?
5. Please describe whether physicians working with and for EmCare are given bonuses or other incentives related to lab testing rates, imaging rates, patient admission rates, or relative value units (RVUs).
6. In each of the last five years, how much money has Envision or EmCare received from the federal government, including but not limited to reimbursement under

---

<sup>6</sup> *The Company Behind Many Surprise Emergency Room Bills*, New York Times (July 24, 2017) (online [www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share](http://www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html?smprod=nytcore-ipad&smid=nytcore-ipad-share)).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

Christopher A. Holden  
September 20, 2017  
Page 4

federal health care programs or state programs that receive federal funding? This information should be itemized to show the amount of federal funds Envision and EmCare have secured from EmCare contracts to provide staffing and management services to hospital emergency departments.

In addition to the responses to the questions above, please provide our staff with a briefing regarding these matters no later than October 11, 2017.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or [Donald\\_Sherman@hsgac.senate.gov](mailto:Donald_Sherman@hsgac.senate.gov). Please send any official correspondence related to this request to Amanda Trosen at [Amanda\\_Trosen@hsgac.senate.gov](mailto:Amanda_Trosen@hsgac.senate.gov). Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill  
Ranking Member

cc: Ron Johnson  
Chairman