US Senate Governmental Affairs Committee
Hearing on Ambulance Service & Medicare Program
Thursday, November 15, 2001
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New Jersey EMS leaders have found themselves confronted with a proposed Medicare Ambulance Fee Schedule that threatens to dismantle the stateÕs EMS system. How did this happen and what does it mean?

In attempting to formulate a Òone size fits allÓ fee schedule, the Negotiating Rulemaking Committee (NRC), established by HCFA [CMS] to formulate the regulations, completely ignored New JerseyÕs unique EMS system. For NJ EMS, the proposed fee schedule is a blueprint for disaster.

The Balanced Budget Act of 1997 mandates: ÒThe Secretary will consider appropriate regional and operational differences.Ó Because New JerseyÕs operational differences were never allowed Òon the NRC tableÓ the resulting fee schedule did not take into consideration the stateÕs enormous volunteer BLS contingent. In fact there was no representative from the volunteer segment of the prehospital community on the NRC. In addition, the committee did not examine how the fee schedule would impact each state individually. If these regulations are implemented, New JerseyÕs EMS system, which provides the highest standard of patient care in the country, will cease to exist.

In order to understand the implications of the proposed regulations, it is first necessary to understand how NJÕs EMS system works.

¥ New Jersey has a two-tiered EMS system which provides Advanced Life Support (ALS= paramedic services) as well as Basic Life Support (BLS= emergency medical technicians=EMTs). Customarily, ALS does not transport patients. BLS does.

¥Paramedics (ALS), are the highest level of prehospital medical technicians and are dispatched only to life-threatening medical emergencies, such as difficulty breathing, chest pain, and severe allergic reactions. Presently, every citizen in NJ has access to immediate Mobile Intensive Care Unit, or MICU treatment whenever and wherever the need arises.

¥ By law, MICUs are typically part of a hospital and bound by a state certificate of need (CN). Also, MICUs are prohibited by law from transporting patients, but some do transport Òas a last resortÓ, as for example, when no BLS ambulance is available. As you can imagine, paramedic service is not cheap: If treated, a hospital charges the patient an average of $525.

¥EMTs (BLS) provide emergency medical treatment and ambulance transport. EMTs are not as highly trained as paramedics, but can support a patientÕs life with defibrillation, CPR,

and oxygen and other modalities. EMTs are dispatched for all calls and are responsible for transporting the patient to the hospital in their ambulances. If the patient has a life threatening medical emergency, the paramedics are dispatched simultaneously with the EMTs. However, since the vast majority of 9-1-1 dispatches are not life-threatening medical emergencies, most ambulance calls in New Jersey are handled solely by EMTs.

¥ BLS is provided by both volunteer and proprietary squads. Eighty percent of New Jersey BLS squads are volunteer and do not charge the patient or his insurance for their service. (There are 330 volunteer squads representing approximately 20,000 volunteer EMTs.) The volunteers transport approximately 400,000 patients annually - 85% of the total number of patients transported to hospitals -- providing approximately 48 million dollars of transport service at no cost annually.

¥Proprietary BLS, i.e., fee for service, operates primarily in big cities, for example, Trenton, Camden and Newark. These commercial BLS providers bill patients and insurance carriers for their service.

¥When ALS treats the patient and he is transported by proprietary BLS, only one bill is generated to Medicare/Medicaid. Under a billing agreement, the MICU splits the fee then pays the BLS provider its transport portion.

What will the proposed Medicare Ambulance Fee Schedule do to NJ EMS?

At a conversion rate of $152.52, NJ MICUs stand to lose, at a minimum, an estimated $150 per Medicare patient. (Those patients account for about 50% of MICU revenues annually.) If the MICUs treat and transport a patient using a proprietary ambulance, the reimbursement would be split between the two providers and ALS payment would decrease another $200. At this rate, MICUs, and the hospitals sponsoring them, would stand to lose about $19.5 million a year statewide.

How would hospitals recoup their losses? Two ways.

¥By curtailing ALS services, i.e., delete coverage areas that yield fewer patients. NJÕs unique 100% BLS and ALS coverage would cease to exist. A patient suffering a heart attack in the less populated areas of New Jersey would not get MICU treatment. Citizens would suffer increased morbidity and mortality.

¥ New Jersey ALS would be forced to transport patients along with fee-for-service and volunteer squads. Once ALS begins transporting patients, they are in direct competition for transport dollars with proprietary BLS. Turf wars would be inevitable. Worse yet, volunteer squads would cease to operate as their services would be redundant. They would not feel the need to offer their services with ALS treating and transporting. Within a decade, volunteer first aid squads would cease to operate. Medicare would then be billed for services that volunteers in

NJ have provided its taxpayers free for 74 years. This would cost Medicare an estimated $39 million annually!

¥In addition, that savings does not reflect the millions of dollars volunteer first aid squad save the citizens of NJ on disasters. Of the approximately 450 NJ ambulances that responded to the World Trade Center incident on Tuesday, September 11th, 90% were volunteer. Hundreds more responded over the next two weeks. Disasters cost billions; volunteers save millions.

¥There is an additional saving that the present ALS system provides Medicare. Nationwide, 30% of ambulance transports are accompanied by ALS units. Because NJ ALS units are independent of the BLS squads, only 13% of patients transported by ambulance are accompanied by ALS units. By having medics respond independently, we cut the number of calls requiring paramedic intervention in half, compared to the national average.

What are CMS options?

Any change in the way our system operates will destroy the volunteers and cost the federal government more money in NJ. We urge CMS to:

¥ allow our non-transport MICUs to continue billing under Medicare Part A with reconciliation on the year-end cost report at current rates. We acknowledge that only one bill is permissible under Medicare regulation. We ask that the current configuration be allowed to continue. That is ALS contracts with the BLS provider and one bill is submitted.

¥ keep Advanced Life Support (ALS) reimbursements at their present rates.

¥ leave the volunteers to continue transport and treatment of patients in our communities thereby saving the citizens of NJ and Medicare millions of dollars.

The NJ EMS Coalition submits that based upon the specific language and intent of the Ô97 Balanced Budget Act, CMS (HCFA) has the legal authority to grant waivers or Òcarve-outsÓ to states. It is imperative that the federal government recognize that our present EMS system saves federal tax dollars. The proposed Medicare Ambulance Fee Schedule threatens to kill the volunteer system entirely by forcing ALS providers into the ambulance transport business. Paradoxically, this will cost the federal Medicare program millions of dollars more.