

HCFA

National Ambulance Fee Schedule "ALERT"

All New Jersey EMS providers—volunteer, commercial ambulance and MICUs—should be aware that a federal rulemaking committee is in the process of developing a new national Medicare fee schedule for ambulance service which threatens to dismantle this states EMS system as it is presently operated.

In April of this year, the Health Care Financing Administration (HCFA), the federal agency that oversees Medicare, appointed a 14-member Negotiated Rulemaking Committee (NRC) to decide how Medicare will fund ambulance service in the next millennium. Its goal is to standardize and reduce prehospital treatment and transport costs for Medicare patients, as well as simplify the reimbursement system. The committee has been charged to complete this new fee schedule by February 15, 2000.

According to NRC alternate member, Dr. John Brennan, (American College of Emergency Physicians), a national ambulance fee schedule is being strongly considered which reimburses the agency that transports the Medicare patient regardless of treatment modality (ALS or BLS). In order to adequately understand how this rule would affect New Jersey, it is first necessary to review our current emergency medical system.

How does the system presently operate? New Jersey is unique:

- By law, MICUs are typically part of a hospital and bound by a state certificate of need (or CN). The majority of MICUs are prohibited by law to transport patients under normal circumstances, but some do transport on occasion, as for example, when no basic life support (BLS) unit is available. The state also requires a two-paramedic crew configuration.
- Fee-for-service (commercial) vendors are legally prohibited from providing advanced life support (ALS) in the state.
- Medicare strictly prohibits two bills for one patient. Therefore, if a Medicare patient is treated by ALS and transported by fee-for-service BLS, only one reimbursement is made by Medicare. Presently, New Jersey MICUs have a billing arrangement with fee-for-service ambulance providers whereby Medicare reimburses the MICU, and the MICU then reimburses the fee-for-service provider.
- Eighty percent of basic life support (BLS) squads are volunteer which do not bill for their services. In the past ten years, however, a significant number of volunteer squads have become fee-for-service providers.

How would a Medicare National Ambulance Fee Schedule impact prehospital patient care in New Jersey?

At this stage, there are more questions than answers.

Under the proposed reimbursement fee currently being circulated, NJ MICUs would stand to lose an estimated \$190 per Medicare patient. Medicare patients now provide approximately 40% of all MICU revenues. At this rate, MICUs would stand to lose about \$20 million a year statewide. Therefore, if this national ambulance fee schedule is implemented, MICUs may be forced to transport ALS patients in order to maintain their revenue, and service.

This situation strongly lends itself to turf wars between BLS and ALS which unfortunately impacts patient care. The bottom line becomes:

- Who gets the patient? Who has the legal duty to act and transport the patient? The situation will be particularly acute between ALS and fee-for-service BLS who vie for the reimbursement fee.
- Will fee-for-service BLS cancel ALS so that they get the revenue?
- If ALS treats and transports all life-threatening dispatches, does that make BLS a glorified taxi service? How do EMTs maintain their critical care skills?
- What happens if ALS has been dispatched but the patient does not meet ALS criteria? Will ALS be forced to transport non-ALS patients?
- If ALS teams are tied-up with BLS patients, will there be a need for additional MICUs?
- What happens to the standard of patient care when there is no team to provide it? Anyone involved on the front line of EMS knows that two people are inadequate to run a code, extricate and transport the patient.

Other critical questions:

- Will response times be extended due to all ALS units being tied-up or confusion over who is supposed to answer the call?
- Will reimbursements to New Jersey MICUs be lowered if the national ambulance fee schedule is based on a national average? Can MICUs survive such losses? Will hospitals suspend MICU operations because it is cost prohibitive?
- If the present system were to dissolve completely, would MICUs consider undertaking BLS in towns, which have been traditionally served by volunteers?
- Most important, can New Jersey be waived from this national ambulance fee schedule? Can federal legislators do anything about the situation?

What is now being done about this pending Medicare change?

Presently the NJ. Association of Paramedic Programs intends to contact state legislators in hopes of introducing a bill, which would provide a statewide funding mechanism to supplement the Medicare shortfall.

The NJDHSS/OEMS is monitoring the situation at this time; they have told the MICUs that they are looking for proposals. In the absence of a funding solution, hospital administrators fear that no one will redesign the system. Instead it will occur de facto.

It is naive to believe that this change will not impact how EMS operates in this state. Every agency—volunteer first aid squads, fee-for-service ambulance providers and MICUs—will be affected. It is essential that these agencies be immediately apprised of the situation and meet to discuss the ramifications of these impending changes.

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