

# Understanding EMS Finance Talking Points



## Provider Shortages

### Nearly all EMS agencies are struggling to recruit and retain EMS clinicians.

- Fewer students are enrolling in EMS-related classes. This is especially true for paramedic school students.
- Most paramedics work in larger urban and resort areas, with few paramedics serving in smaller rural areas where they may be needed the most.
- **Robbing Peter to pay Paul** - Competition for existing EMS clinicians, especially paramedics, is becoming fierce between EMS agencies. Larger, better-funded (urban & resort) agencies paying higher wages are recruiting paramedics away from the smaller poorer-funded (rural) agencies.
- Low pay and poor benefits are leading causes for recruitment and retention problems in EMS. It's impossible to pay higher wages when the payments from the payers don't support higher wages.

## Funding shortfalls

### Uncompensated EMS costs

- Uncompensated EMS costs include all costs that were not offset set by payments from payers – Medicare, Medicaid, uninsured, and commercial insurance.
- Working to verify these costs through activities of the legislative-directed 225 Sustainability Taskforce.

### Emergency medical services (EMS) providers are funded largely through fees for service, specifically for transporting patients to or from a hospital by ambulance.

- Medicare and Medicaid patients make up **nearly 70%** or more of ground ambulance patients.
- Medicare and Medicaid both reimburse providers an allowable rate that is not based on providers' charges or their actual costs.
- Commercial health plans also rarely pay providers' full billed charges. The federal Ground Ambulance Patient Billing Advisory Committee is currently considering billing/payment solutions that may be applicable to federally regulated ERISA plans. ERISA plans comprise the majority of employer-provided health insurance plans.
- The Centers for Medicare and Medicaid Services is in the process of conducting a comprehensive cost collection study to determine how far below costs Medicare reimbursement rates currently are.
- EMS providers are deeply grateful that the Colorado General Assembly and Gov. Jared Polis significantly increased Medicaid reimbursement in 2022. However, Medicaid reimbursement for emergency transports is just 80% of the Medicare fee schedule.

### Unlike most healthcare providers, EMS providers are not able to pick and choose their patients.

- EMS services are provided as a public good – services must be provided when patients call regardless of complaint, residency status, ability to pay, day of the week, or time of day.
- EMS providers do not check patients' insurance coverage before responding to 911 calls or providing emergency treatment and transport.
- EMS providers do not/cannot limit the number of uninsured, underinsured, Medicaid and Medicare patients they treat.

- Insurance verification and approval/denial related to EMS transports only happens after the transport is provided.

**EMS agencies are only paid for transporting patients to facilities and not for the care they provide.**

- Because EMS is a transport benefit instead of a healthcare benefit EMS is only paid for the transport-related services and not for the care they provide – especially when EMS evaluates and treats patients on the scene but does not take them to a hospital.
- Except in rare instances, EMS receives nothing for ambulance responses that don't result in transports or for treatment provided to patients on scene. What this means is that there is a built-in incentive to transport patients, even those who could be successfully cared for in their homes or at a clinic, to a hospital.
- Therefore, **Treatment in Place (TIP)** is not a payable benefit for EMS agencies.
- Supporting TIP for EMS agencies through legislation would improve EMS agency funding.

**EMS providers are not reimbursed for readiness costs.**

- Readiness costs are all the costs associated with having ambulances ready to respond to an emergency call 24/7/365. They include equipped, staffed, insured, stationed, training, quality management, and other costs).
- Payers don't want to pay for readiness costs.
- Transport costs are all the costs directly associated with the transport itself.
- Readiness costs are reflected by the estimated \$470 million costs of uncompensated EMS care.
- Some communities provide taxpayer support to help fund EMS operations. Others operate using only fee-for-service revenue. When EMS agencies cannot secure adequate fee-for-service revenues, one of two things happens: either all taxpayers contribute more (in the form of increased support), or agencies scale back or end EMS operations.

**Higher costs and supply chain shortages worsen financial sustainability.**

- Rising costs not offset by higher payments raise readiness costs and worsen EMS financial sustainability.
- Ambulance chassis shortage raising ambulance purchases by 40%
- Operational costs such as Fuel, medical supply and equipment, utility, and repair and maintenance are further straining EMS sustainability.
- These rising costs are not being paid by payers.

**The consequence of the status quo is a gap in service that jeopardizes public safety. (COMMUNITIES THAT HAVE NO SERVICE)** have all lost their EMS providers over the past few years. It is not required for any community to ensure its citizens have prompt access to EMS service.