



Advising the Congress on Medicare issues

Mandated report: Medicare payment for ambulance services

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- MedPAC directed to study:
 - Appropriateness of temporary ambulance add-on payments
 - Urban (2 percent) and rural (3 percent) ground ambulance add-ons
 - “Super-rural” ground ambulance add-on (22.6 percent)
 - Grandfathering of certain areas for rural air ambulance add-on
 - Effect of add-on payments on providers’ Medicare margins
 - Need to reform ambulance fee schedule, whether add-ons should be built into base rate
- Critical dates:
 - Report due June 15, 2013
 - Add-on payment policies in effect through December 31, 2012

Project plan

- Coverage and payment basics
- Trends in numbers of providers, claims volume, spending
- Review of program integrity issues
- Provider costs and Medicare margins
- Possible recommendations

Medicare ambulance coverage

- Medicare Part B covered service
 - Medicare pays 80 percent, 20 percent beneficiary coinsurance
- Ambulance services covered if:
 - Transportation of the beneficiary occurs
 - Transportation to an appropriate location
 - Medical necessity: other forms of transport contraindicated
 - Provider/supplier meets state licensing requirements
 - Transportation is not part of a Part A covered stay
- Some exceptions allow Part B payment for ambulance service during Part A stay (e.g., SNF resident with ESRD to/from dialysis)
- Non-emergency transports require physician certification of medical necessity

Non-institutional suppliers growing as institution-based providers declining

Type of entity	Number of entities, 2008	Number of entities, 2010	Percent of all entities, 2010	Percent change in number of entities, 2008 to 2010
Non-institutional supplier	10,477	10,926	93%	4.3%
Institution-based provider	843	768	7%	-8.9%
All	11,320	11,694	100%	3.3%

Source: MedPAC analysis of Medicare Carrier and Outpatient claims data.

Institution-based providers

- Majority are hospital and CAH-based (some SNF, LTCH, others)
- 18 percent of hospitals offer ambulance services
 - Large urban (33 percent of hospitals with 400+ beds)
 - CAHs (25 percent)
 - State and local government hospitals (31 percent)
- Hospitals in certain states more likely to offer ambulance services
 - Iowa (47 percent), Wyoming (45 percent), Minnesota (35 percent)

Source: American Hospital Association Hospital Statistics 2012.

Non-institutional suppliers

- Many forms of suppliers
 - Government agency (fire department, county EMS agency)
 - Public-private partnership (county EMS agency using non-government staff from a private entity)
 - Private entity

Type	2008 (n)	2009 (n)	Change (n)	Growth rate	Percent of all suppliers
Government	5,807	5,927	120	2.1%	55%
Non-government	4,670	4,766	96	2.1%	45%
For-profit	3,033	3,105	72	2.4%	65%
Non-profit	1,637	1,661	24	1.5%	35%

Source: MedPAC analysis of Medicare Carrier and Outpatient claims data and U.S. Census Bureau Statistics of U.S. Business (SUSB) data.

Ambulance fee schedule: Components

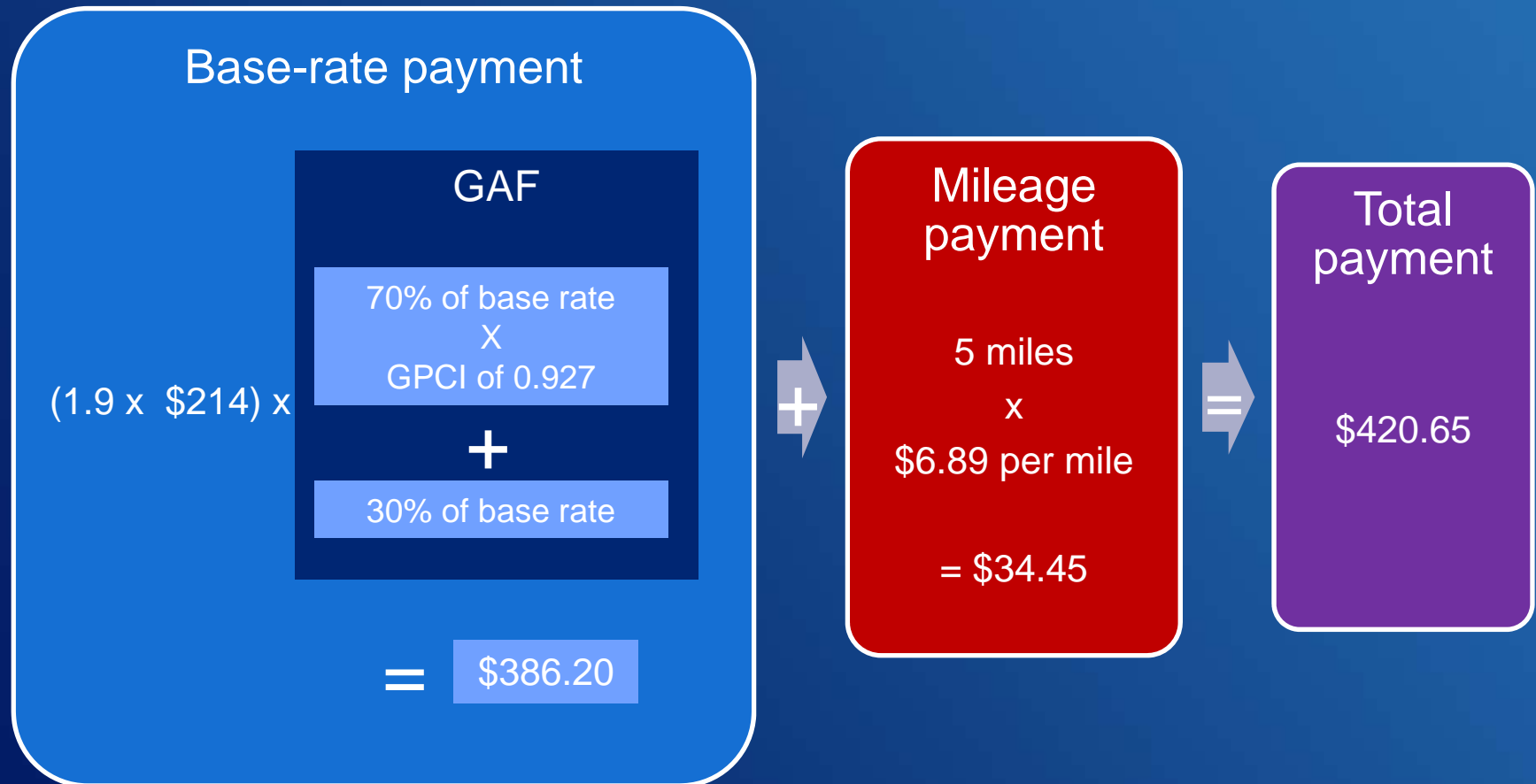
1. Base rate payment

- Relative value units (RVUs)
 - Ground: 7 levels based on service intensity (Air: 1 level)
- Conversion factor (CF)
 - Ground: \$214 / Air, rotary wing: \$3,384 / Air, fixed wing: \$2,911
 - Updated annually by Ambulance Inflation Factor (CPI-U)
- Geographic adjustment factor (GAF)
 - Uses practice expense GPCI
 - Applied to labor share of rate (ground: 70 percent, air: 50 percent)
 - Tied to ZIP code of patient point of pick-up

2. Mileage payment

- Miles travelled from patient point of pick-up to destination
- Uniform national mileage rates for ground and air (fixed and rotary wing)

Example: Ground ALS Level 1-Emergency in Raleigh, NC excluding add-on payments



Note: ALS (advanced life support), GAF (geographic adjustment factor), GPCI (geographic practice cost index).

Add-on payment policies in current law

Add-on policy	Status	Policy description
Ground: rural short-mileage	Permanent	50 percent increase to mileage rate if mileage is between 1 and 17 miles
Ground: rural and urban pickup	Temporary*	Rural: 3 percent increase to base rate payment and mileage rate Urban: 2 percent increase to base rate payment and mileage rate
Ground: super-rural pickup	Temporary*	22.6 percent increase to base rate payment
Air: rural pickup	Permanent	50 percent increase to air ambulance base rate payment and mileage rate
Air: rural pickup in certain areas deemed rural	Temporary*	Maintains rural designation for application of rural air ambulance add-on for areas reclassified as urban by OMB in 2006 (affects over 3,400 ZIP codes)

* In effect through December 31, 2012.

Average payment per claim by type of provider, type of service, and location

Type of service	Average payment per claim, 2010
All claims	\$314
Non-institutional suppliers	\$304
Institution-based providers	\$485
Air transports	\$4,642
Ground transports	\$293
Emergency	\$340
Non-emergency	\$233
Urban	\$279
Rural	\$383
Super-rural	\$660

Source: MedPAC analysis of 100% of Medicare Carrier and Outpatient claims data.

Trends in ambulance payments and utilization

- \$5.2 billion in payments on 16.6 million claims in 2010
- Payments per FFS beneficiary increased 19.1 percent from 2007 to 2010, driven by:
 - Payments: 10.4 percent increase in payments per claim
 - Users: 4.5 percent increase in users per FFS beneficiary
 - Claims per user: 5.1 percent increase in claims per user
- Payment growth slowed from 2009 to 2010
- Number of users and claims per user continued growth from 2009 to 2010

Source: MedPAC analysis of Medicare 100 percent Carrier and Outpatient claims data.

Differences in non-emergency transports by location and provider type

- Non-emergency transports more common for urban (48 percent), than rural (40 percent) and super-rural (23 percent)
- Non-emergency transports more commonly provided by non-institutional suppliers (47 percent) than institution-based providers (30 percent)

Service type	Claims growth, Urban, 2007 to 2010	Claims growth, Rural, 2007 to 2010	Claims growth, Super-rural, 2007 to 2010
Non-emergency	11%	3%	2%
Emergency	8%	7%	7%

Key takeaways from initial analysis

- Continued growth since 2007 in claims volume and users per claim
- Number of for-profit suppliers growing faster than other provider/supplier types
- Rapid growth in urban non-emergency transports
- Limited availability of provider/supplier cost data for margins analysis

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