



Advising the Congress on Medicare issues

Mandated report: Payment for ground ambulance services

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Presentation roadmap

- 1 Discuss report mandated by Bipartisan Budget Act of 2018
- 2 Background and description of ambulance fee schedule
- 3 Description of ground ambulance data collection system (GADCS)
- 4 Preliminary analysis of GADCS data
- 5 Workplan for mandated report
- 6 Discussion

Mandated report

- Concerns that data on ground ambulance costs and revenues has been limited to small samples
- Bipartisan Budget Act of 2018 (BBA 2018) required CMS to implement a comprehensive ground ambulance data collection system
- BBA 2018 also mandates MedPAC to produce a report on ground ambulance organizations

BBA 2018 requirements for MedPAC

- Analyze the GADCS data
 - Evaluate the adequacy of AFS payments for ground ambulance services
 - Evaluate geographic variations in the cost of furnishing ground ambulance services
- Analyze the burden on ambulance organizations associated with data collection
- Provide a recommendation to determine whether ambulance organizations should continue to submit data or if the data collection system should be revised
- Report is due June 15, 2026

Note: BBA 2018 (Bipartisan Budget Act of 2018), GADCS (ground ambulance data collection system), AFS (ambulance fee schedule).

Background on Medicare ambulance fee schedule (AFS)

- In 2023:
 - 10,500 ground ambulance organizations;
 - Medicare FFS payments=\$5.3 billion;
 - 11.4 million Medicare FFS transports
- AFS only pays for ambulance transports
- FFS Medicare payments under the AFS have two parts:
 - Mileage and
 - Services provided during transport

Note: FFS (fee-for-service).

Ambulance fee schedule (AFS) payment for mileage

- Mileage payments are a function of a conversion factor (\$8.97), the location of the ambulance pickup (urban, rural, super rural), and an add-on payment for 1st 17 miles of rural pickups
- Miles apply only to transport of the patient

| Mileage payment category | Mileage payment formula |
|--|--|
| Urban pickup | $\$8.97 \times 1.02 \times \text{miles}$ |
| Rural and super rural pickup, 1 st 17 miles | $\$8.97 \times 1.03 \times 1.50 \times \text{miles}$ |
| Rural and super rural pickup, additional miles | $\$8.97 \times 1.03 \times \text{miles}$ |

Note: CMS defines rural as ZIP codes outside of metropolitan statistical areas (MSAs) or ZIP codes in rural census tracts within MSAs; super rural as the lowest quartile of nonmetropolitan ZIP codes by population density, and urban as ZIP codes in MSAs modified to exclude rural census tracts in MSAs.

Source: Table of ambulance fee schedule payment rates from the CMS website.

Ambulance fee schedule (AFS) payment for services

- Service payments are a function of a conversion factor (\$278.98), RVU (service complexity), location of the pickup (super rural, rural, urban), and PE GPCI (geographic differences in labor costs)
- 2% adjustment for urban, 3% adjustment for rural, and 22.6% adjustment for super rural, are temporary

| Service payment category | Service payment formula |
|--------------------------|--|
| Urban transport | $\$278.98 \times \text{RVU} \times 1.02 \times (0.7 \times \text{PE GPCI} + 0.3)$ |
| Rural transport | $\$278.98 \times \text{RVU} \times 1.03 \times (0.7 \times \text{PE GPCI} + 0.3)$ |
| Super rural transport | $\$278.98 \times \text{RVU} \times 1.03 \times 1.226 \times (0.7 \times \text{PE GPCI} + 0.3)$ |

Note: RVU (relative value unit), PE GPCI (practice expense geographic practice cost index). CMS defines rural as ZIP codes outside of metropolitan statistical areas (MSAs) or ZIP codes in rural census tracts within MSAs; super rural as the lowest quartile of nonmetropolitan ZIP codes by population density, and urban as ZIP codes in MSAs modified to exclude rural census tracts in MSAs.

Source: Table of ambulance fee schedule payment rates from the CMS website.

Ground ambulance data collection system (GADCS)

- In response to BBA 2018 mandate, CMS has created the GADCS, collecting data from ground ambulance organizations including characteristics, service area, service volume, service mix, staffing, costs, and revenues
- CMS surveyed about half the ambulance organizations providing services in 2017 and 2018 (5,300) and collected 2022 data from 3,852 organizations
 - About 800 of these organizations no longer billed Medicare in 2022
 - Additional 700 chose not to participate in the survey
- CMS is in the process of surveying about half the ambulance organizations that provided ambulance services in 2020 (5,300); none of these organizations were in the 2017/2018 group

Note: BBA 2018 (Bipartisan Budget Act of 2018).

Preliminary observations of GADCS data

- Most comprehensive dataset on ground ambulance operations
- Concerns about data accuracy
 - Many ground ambulance organizations share costs and revenues with other emergency responders (fire department, police) or hospitals
 - Previously, these organizations have not had to submit data about their operations
 - Along with CMS, we are concerned that some ambulance organizations were not able to fully separate ambulance costs and revenues from other costs and revenues of their parent organization
- GADCS does not separate transport and cost data by payer; no variables for number of Medicare transports or Medicare costs
 - We were able to obtain Medicare transport data using Medicare claims

Note: GADCS (ground ambulance data collection system).

Preliminary analytic sample for GADCS data analysis

- We have made two edits to the GADCS data
- Dropped organizations that share costs and revenues with fire departments, police departments, or hospitals
 - Consistent with GAO ambulance analysis (2012)
 - CMS discusses how to make this edit in documentation
- Dropped organizations that have extreme cost levels (more than 3 SDs from the mean)
- 1,710 organizations remain; edited data has higher share of organizations that are for-profit and lower share that are government-owned and urban

Note: GADCS (ground ambulance data collection system), GAO (government accountability office), SD (standard deviation).

Source: Government Accountability Office. 2012. *Ambulance providers: Costs and Medicare margins vary widely; transports of beneficiaries have increased*. GAO-13-6. Washington, DC: GAO.

Preliminary GADCS analysis: Cost per response varies dramatically among organizations

- Organization volume appears to have a large effect on costs

| Quartile of responses | Ambulance responses per organization | Cost per response |
|-----------------------|--------------------------------------|-------------------|
| Lowest quartile | 276 | \$1,730 |
| Q2 | 1,360 | 1,173 |
| Q3 | 4,310 | 811 |
| Highest quartile | 31,843 | 425 |

Note: GADCS (ground ambulance data collection system).
Source: MedPAC analysis of data from ground ambulance data collection system.

Preliminary GADCS analysis: Type of ownership and service area location also affect costs

| Characteristic | Ambulance responses per organization | Cost per response |
|-----------------------|--------------------------------------|-------------------|
| Ownership | | |
| For profit | 19,199 | \$386 |
| Government owned | 4,938 | 676 |
| Nonprofit | 5,700 | 707 |
| Service area location | | |
| Urban | 18,169 | 450 |
| Rural | 4,178 | 714 |
| Super rural | 1,216 | 993 |

Source: MedPAC analysis of data from ground ambulance data collection system.

Workplan: Analyzing the GADCS

- Compare organization FFS Medicare payments with organization costs
- What factors affect an organization's costs?
- How do costs vary by geography?

Note: GADCS (ground ambulance data collection system), FFS (fee-for-service).

Workplan: Analyzing the burden on ambulance organizations associated with data collection

- Discussions with ambulance organizations, trade associations, and CMS
- Topics to cover:
 - Resources devoted to data collection
 - Whether the data collection could be streamlined
 - Questions that require the most administrative effort
 - Other ideas from commissioners

Discussion

- Questions?
- Feedback on workplan
- Ideas for future work