



To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: September 6, 2023

Subject: **Ambulance Billing Rates**

The Village changed its ambulance rates last in late 2017, going to a \$1,600 fee for residents and \$1,900 for non-residents. Rates were reviewed for the 2021 budget, and no changes were made at that time. It is time again for the three-year review of rates, and there are some significant changes that will impact the recommendation for rates this time, as covered in the attached memo from the Fire Department.

The Village provides all financial data for the ambulance program to CMS to establish a rate that they use to reimburse the Village, so this is an impartial report on the cost of EMS services for billing purposes. The recommendation is that the Village adopt the rate established by CMS for the GEMT rate that we have been receiving additional federal grant funds for over the last few years for Medicaid transports. If this is the recommendation of the Committee, staff will work with the Village Attorney to draft an ordinance to establish this CMS rate as the Village's EMS rate.

It is too early to know the impact on revenue for several reasons. First, approximately 60% of all bills are for Medicare and Medicaid, and this will not apply to them at all as the Village is legally required to just take whatever they pay. Second, it is too early to know how much insurers will pay towards the higher rate. A number of municipalities have recently adopted the GEMT rate as their ambulance billing rate, and there certainly will be an increase on the other 40% of the bills, but there is not enough history to know at this point how insurers will handle this. The third aspect is that while there will be an increase here, we are also seeing a drop in the grant amount we are getting for GEMT compared to 2022. Therefore, at this point, staff is just being conservative with the revenue estimates without knowing the full extent of that drop.



Date: August 22, 2023

To: Rick Sander, Fire Chief

From: Dan Ekhart, Lieutenant/EMS Coordinator

Subject: Increase in Ambulance Transport Fees

From 2009 through 2017 our ambulance transport fees were \$970 for an ALS call. In 2017 we conducted an analysis of our ambulance billing fees which resulted in an increase in our ambulance billing rates to \$1,600 for residents and \$1,900 for non-residents; we do not balance bill residents. To avoid large adjustments in the future, it was established that we would reassess the rates every three years. The last evaluation of our rates was due in 2020, but any analysis and adjustments were not considered due to the COVID-19 Pandemic. With the pandemic response in our rearview, it is an appropriate time to revisit this discussion.

As we continuously strive to provide high-quality medical services to our community, it's imperative that we also ensure the sustainability of our operations. In recent months, we have conducted an in-depth review of our financial costs through the completion of the, now mandatory, Centers for Medicare and Medicaid Services (CMS) Ground Ambulance Data Collection System (GADCS) cost report. The in-depth analysis considers factors such as operational costs, depreciation of assets, salaries, fleet expenses and capital improvements. When we last met with Andres Medical Billing (AMB), we learned that over twenty municipalities in our region have adopted ordinances setting their ambulance billing rate equal to the cost per ambulance call as determined by this report.

The CMS cost report calculates our delivery cost for an EMS response to be \$2,832. According to this metric we are undercharging \$900 per transport. If we were to adopt this rate, the impact to our patients would be minimal. According to our payor mix from 2022, 93% of our patients never see a bill. The majority of our transports are residents with some type of private or government insurance; so long as AMB can process their transport through their insurer, they do not mail them a bill. The remaining 7% of patients are non-residents with private insurance or no insurance; these patients receive a bill for the balance of their transport beyond what we received from their insurance carrier. In total we received \$50,871 in out-of-pocket payments from patients transported in 2022.

The CMS GADCS cost report is a labor-intensive endeavor, but the end result is a validated figure that we can logically apply as a fee for the delivery of Emergency Medical Services. I recommend we consider updating our ambulance billing ordinance to annually adjust to the delivery cost as determined by the CMS GADCS cost report.

Sincerely,
Lt. Dan Ekhart
EMS Coordinator