

# Monterey County EMS Agency

## Ambulance Transport Contract and Billing Issues Reviews

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CITYGATE ASSOCIATES, LLC  
FIRE & EMERGENCY SERVICES

The Business of Better Government



# Study Scope



- Review concerns raised regarding the ambulance transport contract
- Analyze ambulance billing and payment questions
- Suggest practical next steps for each set of issues



# How the Reviews Were Conducted



- Reviewed contracts, agreements, and letters about both contract and billing themes
- Interviewed County EMS and AMR staff
- Interviewed, and met three times with, the Fire Chiefs Association EMS Committee
- Met with the City Managers Association
- Conducted an in-depth audit of billing practices at AMR's Regional Billing Center

# What is Working Well



- Ambulance response times and services are working within the policy objectives of the contract
- Decisions and improvements are made with patient care at the top of priorities at all levels
- The Fee Forgiveness Program is a positive and can be used to a greater degree
- The ambulance billing system methods are state-of-the-art



# Overall Citygate Perspective



- There are **not** significant and fatal flaws to the current transport contract
- There is **not** a problem with the *management* of ambulance billings
- There are differing opinions by stakeholders as to contract details, operations, and economic issues
- In all, we make 23 findings and 6 recommendations



# Transport Contract Key Findings



- **Finding #1 - Contract Extension** – There is no compelling evidence to support stopping the pending ambulance transport contract extension, earned per contract terms.
- **Finding #4 - Ability to Modify Contract** – The first two AMR contract extensions *were done with modifications* which show all parties have the intent to allow a “living contract”, that can be slightly updated to reflect changing, real-world conditions in the system. This model of fine-tuning is exactly what Citygate would recommend for the current and upcoming extension request periods.



# Transport Contract Key Findings (continued)



- **Finding #5 - Response Time Measures** – The contract allows for updates to the response time measurement zones and this, in fact, was done in a prior contract extension. While the Fire Chiefs’ EMS Committee feels there is not a “change back process” for these modifications if they prove to be unworkable, Citygate finds by the very fact that change is allowed and has occurred, the stakeholders and County *can agree to change response time performance measures in either direction, in any contract cycle.*

# Transport Key Findings (continued)



- **Finding #8 - Relationships** – The relationships between the EMS Agency, the fire agencies, and AMR are strained to various degrees on different issues. All partners are committed to providing quality patient care and Citygate found no complaints regarding patient care. We did find differing professional opinions on how to manage and provide system resources.

# Transport Key Findings (continued)



- **Finding #9 - Ambulance System Multi-Agency Coordination** – Citygate believes there are too many coordination committees, without specific, written charters and a written decision pathway as to how final decisions regarding suggested on-going operational changes are made. This leads to slowed decisions, frustration, and confusion as to which decision path to use for which issue.



# Transport Contract Recommendations



- **Recommendation #1** - Approve the October 2012 contract extension request from AMR; all contractual obligations have been met. Continue to consider future extension requests if AMR continues to meet the quantifiable objectives within the contract stipulations.



# Transport Contract Recommendations



- **Recommendation #2** - Improve multi-agency relationships to enhance delivery of service and refine operational details. Examples include:
  - Re-design ambulance mutual aid in the Mouth of the Valley area.
  - Establish written procedures for re-stocking of all First Responder supplies .
  - Establish a data review process, measurement tools, and personnel time needed to provide the EMCC and Board of Supervisors on-going AMR contract compliance information.
  - Review and enhance the use of fire service ambulances when AMR resources are drawn down.
  - In the County's Emergency Dispatch Center, as other issues and changes are being considered, strive for increased coordination and reduced costs between AMR's needs and local government needs.



# Transport Contract Recommendations



- **Recommendation #3** - Citygate recommends that a new System Operations Committee be established to consolidate many of the committees that involve fire, AMR, dispatching, and response system planning.



# Billing Review Key Findings



- **Finding #10 - Billing Process** – The AMR billing process has appropriate data collection steps and adequate customer service procedures.
- **Finding #11 - Billing Education** – The ambulance billing system needs more local outreach to explain its policies, options for payment, and public access to address particular needs.
- **Finding #12 - Billing System Costs** – The administrative logistical costs are very high; the process is more complicated than meets the eye. AMR has designed a sophisticated structure to adhere to the rules of the providers and to keep bills from becoming “private pay” status. They have a technical, highly sophisticated system that addresses the government as well as the private business requirements.

# Billing Review Key Findings (continued)



- **Finding #13 - Monterey County Rates** – The perception is that ambulance rates in Monterey County are higher than in surrounding counties. This is difficult to measure given the difference in services provided from county to county.

Other counties have different insured payor mixes, different fee collection practices, different fee subsidy policies and other factors that affect an ambulance bill.

Additionally, the road networks and topography in some other counties are easier to serve with fewer ambulance units than is Monterey County.

# Billing Review Key Findings (continued)



- **Finding #16 - Fee Arrangements** – AMR does not have preferred provider (PPO) fee arrangement with insurers in Monterey County and few exist elsewhere in the United States. If AMR lets the private insurers “write down” payments below actual cost, then overall revenues may not offset the Medicare and Medi-Cal lower payments.
- **Finding #17 - Uninsured Subsidies** – The AMR Monterey County Fee Forgiveness Program is being used. In 2012, a total of 250 patients received either compassionate care write-offs or a discount of up to 80 percent. These write-offs resulted in a total of \$536,965 for the year. The program could be better marketed and explained to residents of the County.



# Billing Review Key Findings (continued)



- **Finding #18 - Billing Problem Rates** – The complaint rate is very low and some are actually field operations complaints or an issue from an insurance company. A sample shows 6 patient-based billing complaints per month or 72 per year, a rate of .4 percent. Citygate did not find a single occurrence where we disagreed with how the case was handled and finally resolved.
- **Finding #19 - Collection Frequency** – Amounts sent to collection are primarily not write-offs due to low insurance payments; most amounts are to recover the unpaid co-payment from the insured person, and are thus very small.



# Billing Review Key Findings (continued)



- **Finding #20 - Denials Process** – Both in a high-level data review of 90 cases that had some form of denials and referral to collections, as well as an in-depth reading of 20 case files by *two* Citygate team members, Citygate did not find a single occurrence where we disagreed with how the case was handled and finally resolved.
- **Finding #21 - Insurance Payments** – Almost no insurance carrier is paying the entire Monterey County transport charge; they try to use the Medicare rate or another regional “average” instead of accepting agency-by-agency rates.



# Billing Review Key Findings (continued)



- **Finding #23 - Anthem Blue Cross Denials in Monterey** – The insurance carriers, CalPERS and Anthem Blue Cross were responsible for the problematic low payment cases brought forth to County officials by city and district officials in Monterey County.

These providers have now corrected the payment rates. When they processed these billings, AMR followed correct policy, with the final decision being the responsibility of the insurance company.



# Billing System Recommendations



- **Recommendation #4** - Conduct an outreach program about ambulance billing to government stakeholders and the general population. This information can include:
  - Insurance payments may not cover the full cost of an ambulance.
  - Medicare and Medi-Cal reimbursement is only a fraction of the cost of an ambulance transport; the remaining balance converts to a “private pay” bill that is the patient’s responsibility.
  - Medicare and Medi-Cal require “medical necessity” for payment of ambulance transportation. If this is not proven, ambulance bills will be denied and turn into “private pay” status.
  - Information on accessing AMR and County EMS for billing questions or concerns.
  - The County’s Fee Forgiveness Program.
  - AMR individual payment plan options.



# Billing System Recommendations (continued)



- **Recommendation #5** - Improve communications and understanding between the County, AMR, and the fire services when billing issues surface. Efforts should include:
  - Immediate and direct calls from a local government agency to County EMS Management when a billing problem is apparent and has not been handled by AMR in a reasonable timeframe.
  - Annual audits of 25 percent of all complaints and denied bills in the County.

# Billing System Recommendations (continued)



- **Recommendation #6** - Provide an annual report (prepared by AMR) to the Emergency Medical Care Committee (EMCC), Board of Supervisors, City Managers, and Fire Chiefs Associations to include, at a minimum:
  - Overall annual billings statistics as to payor type and collection rate.
  - Fee Forgiveness Program with usage breakdown.
  - Complaint and resolutions log summary.
  - Changes in insurance carrier practices affecting future collections.

# Conclusion



- Citygate believes much of the current system issues and stress can be removed in the near term—without stopping the provider’s ability to be granted the yearly extension—through increased cooperation and shared services leadership between the stakeholders.



# Conclusion (continued)



- In Monterey County, there is an established ambulance contractor (the largest in the United States), that is more than delivering its mandated response times, has not paid a single contract penalty, and is making a small profit.
- This is in a Zero Public Subsidy System (where the County's tax revenues do not support the ambulance system cost).
- County staff reports on the contract extensions have indicated that AMR has consistently met not just some, *but all of their contractual obligations.*

# Conclusion (continued)



- Ambulance bills in Monterey County are reflective of the decision to fully burden the cost of the bill with complete system operation costs and net revenue collection rates.
- Since 2009, the number of transports in the system is slowly declining, thus slowing revenues. In no single contract year has AMR met its 8 percent contract profit cap.

# Conclusion (continued)



- As revenue losses mount from reduced calls, where would revenue come from *under existing* federal, state and private insurance policies to provide payments to fire service paramedic first responders, as the Fire Chiefs have suggested?
- AMR has streamlined costs to the extent it can while still meeting response time objectives, and did not ask for a rate increase the first two contract years.
- The service-to-revenue model is working, but fragile, in Monterey County.

# Conclusion (continued)



- Citygate believes some system components can be improved or fine-tuned, and that all parties should be cautious about stopping or disrupting the system at this time given the uncertainties around federal health care restructuring.



# Long Range Goal



- Citygate's recommendations will take consensus building, improving trust, and the forging of revised operational procedures.
- The multiple, overlapping committee system should be streamlined.
- This work should be done *together by all the stakeholders in the system.*



# Questions by the Board of Supervisors

