

YOUR **TOMORROW** IS IN YOUR HANDS **TODAY!**



*The AAA is fighting for you!*



# Game Changer: Provider Status & Cost Reporting

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# Overview

- The Health Care Environment
- The Risks Facing Ambulance Services
- Preparing for the Future Today
  - Provider status
  - Cost data collection



# The Health Care Environment



# The Shifting Sands HHS's Better, Smarter, Healthier Plan

## Alternative Payment Models (ACOs, bundling)

- Currently, 20 percent
- 50 percent by 2018
- Reducing Medicare spending

## Value-based Purchasing

- 90 percent FFS by 2018
- Improving patient outcomes
- Cutting payments to low performers



# Example Questions on Alternative Payment Models Abound

## Health Economist

- Are the savings real long-term or only one-time success stories?
- Benchmarks to determine savings shift over time

## Kaiser Family Foundation

- Will ACOs lead to greater health care consolidation?
  - Requires 5,000 lives; can smaller providers engage in these models?



# Concerns about CMS VBP

“The Commission has become increasingly concerned that Medicare’s current quality measurement approach has gone off track in the following ways:

- It relies on too many clinical process measures that, at best, are weakly correlated with health outcomes and that reinforce undesirable payment incentives in FFS Medicare to increase volume of services.
- It is administratively burdensome due to its use of a large and growing number of clinical process measures.
- It creates an incentive for providers to focus resources on the exact care processes being measured, whether or not those processes address the most pressing quality concerns for that provider. As a result, providers have fewer resources available for crafting their own ways to improve the outcomes of care, such as reducing avoidable hospital admissions, emergency department visits, and readmissions and improving patients’ experience of care. “



## MedPAC's Concerns (con't)

- “In short, Medicare’s quality measurement systems seem to be increasingly incompatible with the Commission’s goal of promoting clinically appropriate, coordinated, and patient-centered care at a cost that is affordable to the program and beneficiaries.”





# The Risks Facing Ambulance Services



# Differences with 2012 Report Raise Questions for Policymakers

## GAO 2007

- Medicare reimburses ambulance service providers less than the cost of providing services
  - With critically important caveats GAO found:
  - The average margin was 6% below
  - In Super Rural areas it was 17% below
  - AAA survey findings were similar

## GAO 2012

- Medicare still reimburses ambulance service providers less than the cost of providing services
  - The median Medicare margin with add-on payments: -2% to +9%
  - The median Medicare margin without add-on payments: -8% to +5%
  - An increase of 59 percent over this period in BLS nonemergency transports



# MedPAC Questions New Money; Nonemergency Rise



## FACT SHEET

### MedPAC June 2013 Report to the Congress - Mandated Reports

#### *Recommendation 1:* The Congress should:

- allow the three temporary ambulance add-on policies to expire;
- direct the Secretary to rebalance the relative values for ambulance services by lowering the relative value of basic life support nonemergency services and increasing the relative values of other ground transports. Rebalancing should be budget neutral relative to current law and maintain payments for other ground transports at their level prior to expiration of the temporary ground ambulance add-on; and
- direct the Secretary to replace the permanent rural short-mileage add-on for ground ambulance transports with a new budget neutral adjustment directing increased payments to ground transports originating in geographically isolated, low-volume areas to protect access in those areas.

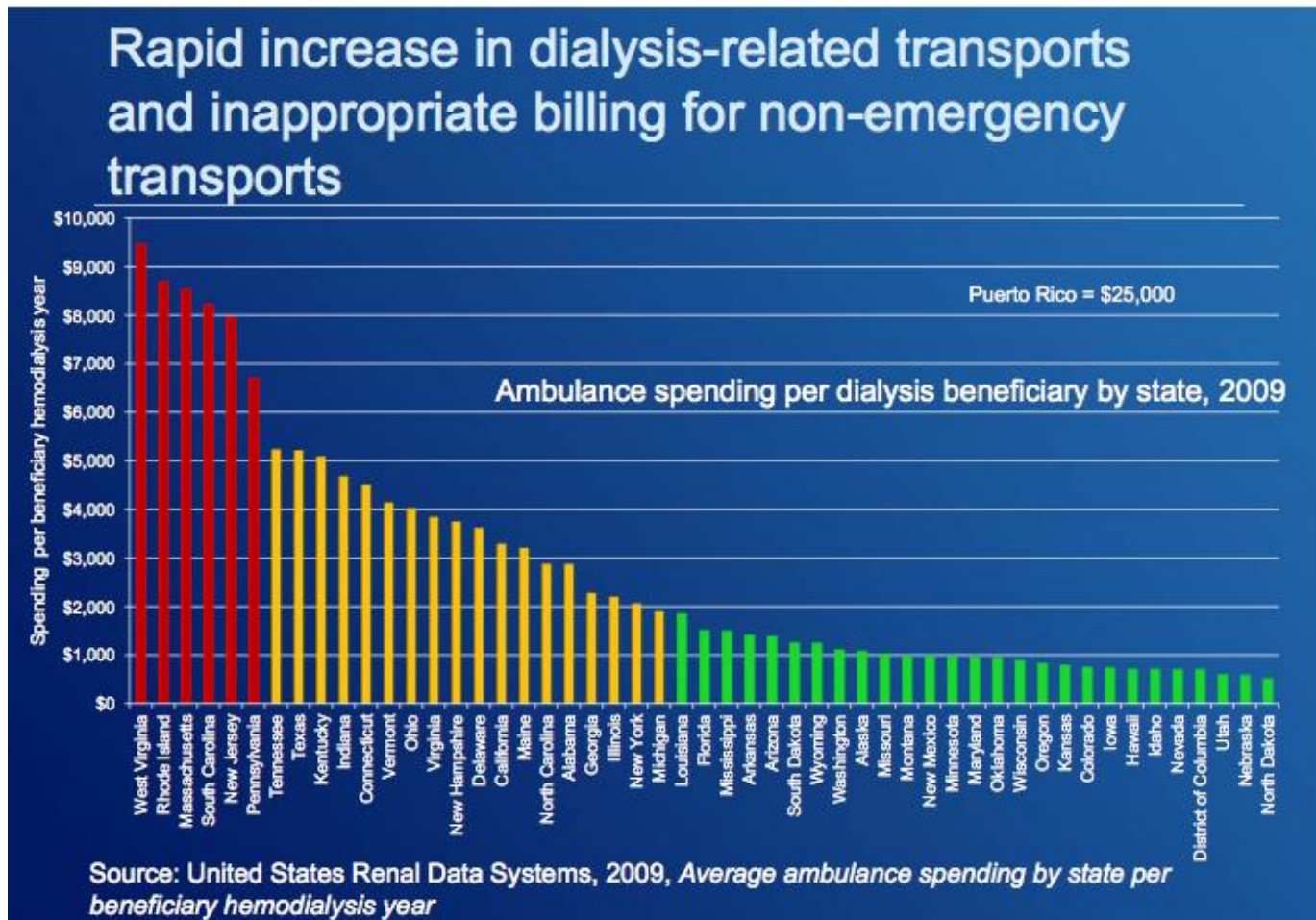
#### *Recommendation 2:* The Congress should direct the Secretary to:

- promulgate national guidelines to more precisely define medical necessity requirements for both emergency and nonemergency (recurring and nonrecurring) ground ambulance transport services;
- develop a set of national edits based on those guidelines to be used by all claims processors; and
- identify geographic areas and/or ambulance suppliers and providers that display aberrant patterns of use, and use statutory authority to address clinically inappropriate use of basic life support nonemergency ground ambulance transports.



# Dialysis Transports: Primary Area of Concern

- MedPAC found a rapid increase in non-emergency dialysis-related transports and inappropriate billing





# Ongoing Interest in Reviewing Clams

U.S. Department of Health and Human Services  
**Office of Inspector General**

## Work Plan for Fiscal Year 2014

**OIG Activities**

Analyze and synthesize OIG work related to ground ambulance transport services paid by Medicare Part B

Identify vulnerabilities, inefficiencies, and fraud trends

Offer recommendations to improve detected vulnerabilities and minimize inappropriate payments for ambulance services.



# September OIG Report: Questionable Claims

- Concern: increase in utilization
- 2.7% claims examined were questionable (2012)
- Questionable does not mean fraudulent
- 52% were in Philadelphia, LA, NY, and Houston
- 21% of suppliers had one or more claims with a questionable billing practice; 81% only one

**Department of Health and Human Services  
OFFICE OF  
INSPECTOR GENERAL**

**INAPPROPRIATE PAYMENTS  
AND QUESTIONABLE BILLING  
FOR MEDICARE PART B  
AMBULANCE TRANSPORTS**



Suzanne Murrin  
Deputy Inspector General  
for Evaluation and Inspections

September 2015  
OEI-09-12-00351



# The OIG Recommendations

- Determine whether a **temporary moratorium** on ambulance supplier enrollment in additional geographic areas is warranted
- Require ambulance suppliers to **include the National Provider Identifier** of the certifying physician on transport claims that require certification
- Implement **new claims processing edits** or improve existing edits to prevent inappropriate payments for ambulance transports
- **Increase its monitoring** of ambulance billing
- Determine the appropriateness of claims billed by ambulance suppliers **identified in the report** and take appropriate action



# Results Not Bad, but the Media...

## The Washington Post

Federal Eye

### **Fraudulent ambulance rides: Medicare paid more than \$50 million, IG says**

By Amy Goldstein September 29

Medicare paid more than \$50 million in potentially improper bills from ambulance companies for rides for older Americans, government investigators said Tuesday.





# Despite MedPAC Report, Congress Extended Add-ons with Cut & Studies

## ATRA mandated two cost studies for ambulance services

*(A) A study that analyzes data on existing cost reports for ambulance services furnished by hospitals and critical access hospitals, including variation by characteristics of such providers of services.*

*(B) A study of the feasibility of obtaining cost data on a periodic basis from all ambulance providers of services and suppliers for potential use in examining the appropriateness of the Medicare add-on payments for ground ambulance services furnished under the fee schedule under section 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)) and in preparing for future reform of such payment system.*

**Requirement to “consult with industry on the design of such cost collection efforts”**

### One Hundred Twelfth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday,  
the third day of January, two thousand and twelve*

### An Act

Entitled the “American Taxpayer Relief Act of 2012”.

*Be it enacted by the Senate and House of Representatives of  
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# ATRA Report Support What We Know

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Report to Congress  
Evaluations of Hospitals' Ambulance Data on  
Medicare Cost Reports and  
Feasibility of Obtaining Cost Data from  
All Ambulance Providers and Suppliers

As Required by the American Taxpayer Relief Act of 2012

- “Difficult to develop a standard cost reporting tool for all providers and suppliers of ambulance services, and for ambulance entities to furnish cost data.”
- Any cost reporting tool must take into account the wide variety of characteristics of ambulance providers and suppliers.”
- “Efforts to obtain cost data from providers and suppliers must also standardize cost measures and ensure that smaller, rural, and super-rural providers and suppliers are represented.”



# Preparing for the Future Today



# The Evolution of Ambulance Payments

1997: BBA created fee-for-service for all types of services

2000: Negotiated rulemaking established current payment categories

2003: MMA created the add-ons

2003-2014: Living with the add-ons  
2013: Rate cut to address fraud

2014: Intermediate reform – SFC extension of add-ons, cost survey

Our Future: Long-term reform



# Positioning AAA for the Future of Health Care

No one knows the future

- Remember HMOs?
- Is the real end-game capitated payments?
- Will the ACA lead to a single payer system?
- Do individual provider measures matter in an integrated world?

Be prepared

- We need to be prepared for whatever is coming and position emergency and nonemergency as health care services performed by providers of care
- Being transportation only will likely result in ambulance services being consolidated into other provider bundles



# Reform Is Necessary to Protect the Add-On Dollars

Add-On	Status	Policy
Rural Short-Mileage	Permanent	50% mileage rate increase for trips 1-17 miles
Rural and Urban	Temporary	Rural = 3% Urban = 2% Applies to both base and mileage
Super-Rural	Temporary	22.6% to base rate



# Key AAA Reform Principles

## **Permanent Relief**

- Build Medicare add-ons into the base

## **Cost Survey**

- Base long-term reimbursement upon cost data that allow for modifications over time

## **Scalable Reform**

- Take into account operational issues for all types, sizes of services

## **Prior Authorization**

- Address fraud and abuse provisions

## **Quality**

- Be patient-centric and incentivize high quality care



# Strategic Approach

What is going to help ambulance services to function effectively and efficiently in the near and intermediate future

- Become **providers of services** to recognize more than a taxi and recognize health care services provided
  - Expand emergency services beyond ERs and compensate for good decision-making
  - Define nonemergency services related to care provided
  - Leverage health care expertise of ambulance services to improve patient outcomes
- **Track costs** through cost survey to support reforms that link payment rates to the cost of providing services
  - Protect the add-ons
  - Link payment to cost





# Provider Status



# Medicare Providers vs. Suppliers

## Providers of Service

- Physicians
- Hospitals
- Skilled Nursing Facilities
- Long-Term Acute Care Hospitals

## Suppliers

- Ambulance Services not associated with hospitals
- Durable Medical Equipment Suppliers



# Why the Distinction?

## Suppliers

- Do not provide health care services
- Provide commodities
  - Equipment
  - Supplies
  - Transportation
- Costs set based upon the commodity
  - DMEPOS subject to competitive bidding
  - Ambulance focuses on the transport aspect



# Ambulance Services Evolved

- Institute of Medicine: *Emergency Medical Services at a Crossroads* (2007)
- “When illness or injury strikes, Americans count on the emergency care system to respond with timely and high-quality care.”
  - Provide medical services
  - State-of-the art care technology





# Ambulances Provide Lifesaving Medical Care

- “Emergency care has made important advances in recent decades: emergency 9-1-1 service now links virtually all ill and injured Americans to immediate medical response; organized trauma systems transport patients to advanced, lifesaving care within minutes; and advances in resuscitation and lifesaving procedures yield outcomes unheard of just two decades ago”
  - Institute of Medicine: *Emergency Medical Services at a Crossroads* (2007)



# Examples of Health Care Services

Induced  
Hypothermia

Impedance  
Threshold Device  
(RESQPOD)

Capnography

Interosseous (IO)  
Infusion

12 Lead ECG  
Transmission and  
Interpretation

Continuous  
Positive Airway  
Pressure (CPAP)

Non-Invasive  
Positive Pressure  
Ventilation (NIPPV)  
(Portable Vent)

Supraglottic  
Airway Devices

Quick Trach

Met Hemoglobin

Meconium  
Aspirator

Cook's Catheter

**Advances require more training and  
carrying expensive drugs or equipment on vehicles**



# Nonemergency: Medical Services

## Focusing on Patients' Medical Needs

- Morbidly Obese
- Mental/Behavioral Health
- Oxygen Administration
- Special Handling/Positioning

## Health Care Services Provided

- Ventilation/Advanced Airway Management
- Suctioning
- Isolation Precautions
- Intravenous Fluid Administration



# Recognizing Ambulances as Providers

Ambulances services' core mission is to provide mobile health care services to patients

- Inappropriate to consider for competitive bidding – providing more than lowest bid on transportation
- Payment rates need to recognize the costs of the health care services provided, as well as the transportation
- Important to raise the bar to reduce fraud and abuse





# What It Means To Be A Provider

- A survey or participate in an accreditation process
- Sign a participation agreement with CMS
- Submit claims electronically, unless small provider
- Provide cost data to CMS
- Some submit quality data



# Help Combat Fraud: Conditions

## Conditions of Coverage/Conditions of Participation

- Set a federal standard for how providers operate and interact with beneficiaries

## Sample provisions

- Organizational/Administration
- Administrative and Medical Records
- Compliance with Other Laws
- Personnel
- Safety
- Patient Rights

**State and local requirements should remain primary**



# Provider Status Necessary

## Need to align rates with costs

- Current rates set using data from the negotiated rulemaking that did not take cost into account
- Important to defend nonemergency services

## Need to allow for reform of service delivery models

- Nurse triage
- Alternative destination
- Mobile integrated health



# Questions?



# Cost Survey



# Recap: Strategic Approach

## The Risks Facing Ambulance Services

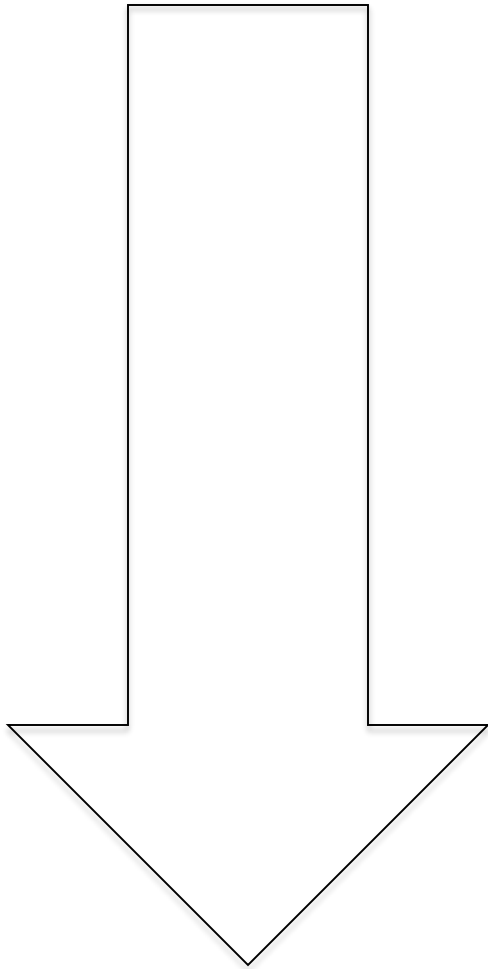
- GAO reports
- MedPAC
- OIG
- ATRA Study

## Congress unwilling to extend add-ons without justification

- Continued concern that even with add-ons Medicare rates do not cover costs incurred by ambulance services



## Downward pressure on payment rates



- Productivity adjustment
- Fractional mileage
- Sequestration
- Payment cuts to address fraud concerns



# Congress Mandated a Study on Collecting Cost Data

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# AAA Developed Workable Model for Cost Collection

## The Moran Company Reports

- Met with CMS early in Phase I
- Continued dialogue with CM team
- Provide final Phase II results
- Updating on Phase III



Engaging directly with CMS contractor

## • Next Step

- Hybrid model is feasible
  - NPI characteristics ready
- Identify need to standardize and time
- Describe survey (share if possible)
  - Indicate where unique nature of services required unique solutions
  - Indicate what worked well



# ATRA Report Support What We Know

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Evaluations of Hospitals' Ambulance Data on  
Medicare Cost Reports and  
Feasibility of Obtaining Cost Data from  
All Ambulance Providers and Suppliers**

As Required by the American Taxpayer Relief Act of 2012

- Annual cost report is not viable option
- Cannot obtain accurate cost data from hospital cost reports alone
- Any data tool must take into account the variety of different ambulance services
- It would be inappropriate to ignore the cost of smaller, rural, and super-rural services
- Cost collection and reporting methods need to be standardized



# Overview of the Reform Options Project

## Context

- Driven by Congressional skepticism about continuing annual extension of add-ons

## Key Project Components

- Develop reform options and recommendations on Medicare payment policies for ambulance services including future reporting of costs
- Engage with congressional and CMS staff about reform recommendations
- Support strategic efforts of the AAA Board of Directors on the political possibilities of reform options



# What is the Cost Survey?

## Other Medicare Providers

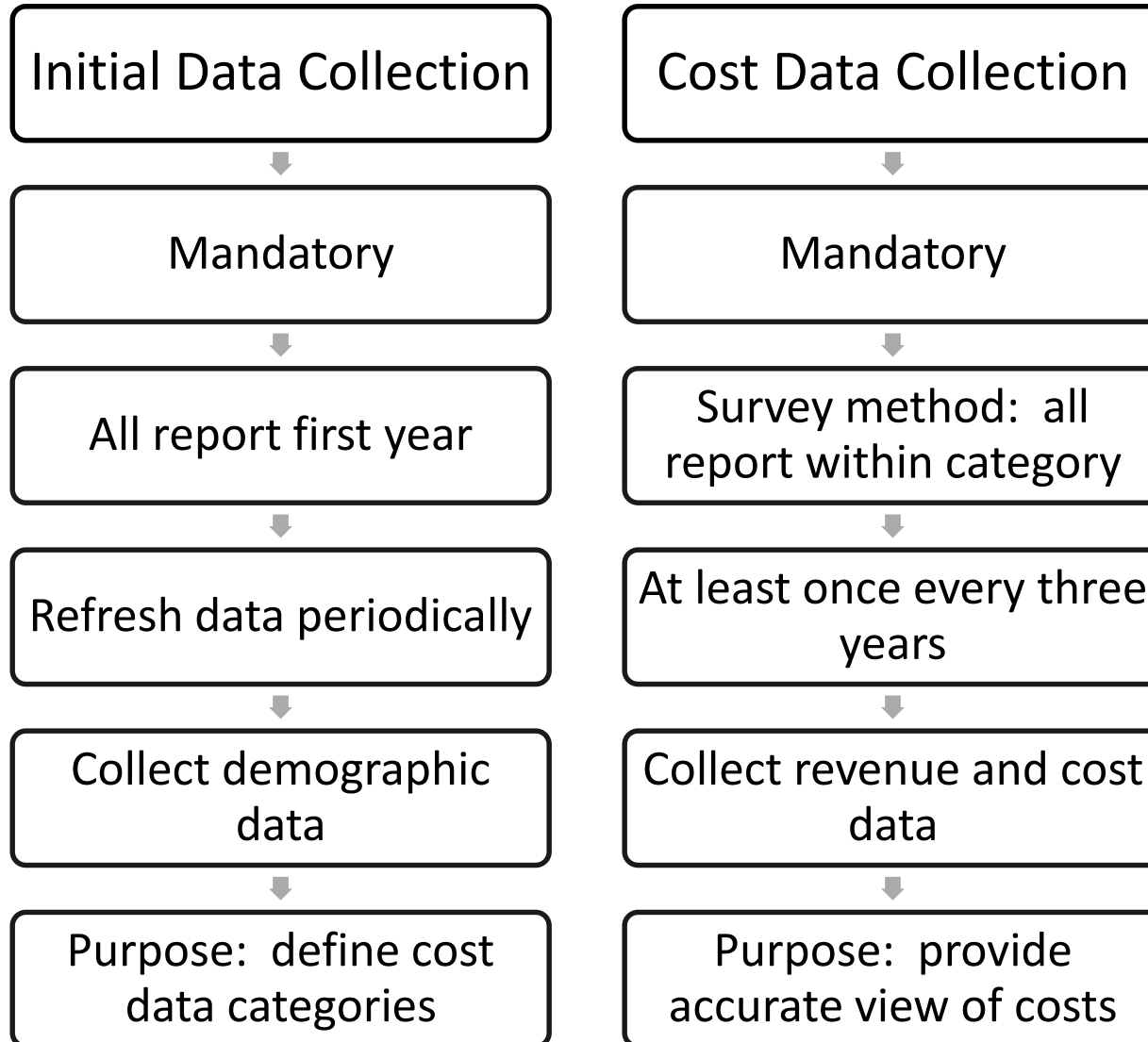
- Annual Cost Report
- Collect total revenue
- Collect total costs
- General level of standardization
- Use to evaluate rates
  - MedPAC
  - The Congress
  - CMS

## AAA Cost Survey Approach

- Statistical Sample
- Collect total revenue
- Collect total costs
- High level of standardization
- Use to evaluate rates
  - The Congress
  - CMS



# The Purposeful Survey





# Demographic Data

- Organizational designation (*e.g.*, a government authority, independent company, public safety or fire-based, hospital-based, other)
- Percentage of volunteer EMT labor
- Volume of ambulance services delivered per year
- Percentage of Medicare emergency and non-emergency services provided per year
- Average duration of transports
- If have sole source contract and the percent of the activity provided under that contract
- If required to pay fees to the local jurisdiction
- Other services that are a requirement of doing business
- Percentage of transports that are urban, rural, or super rural



# Cost Data

- Total revenue data, including but not limited to
  - Medicare revenues
  - Subscription programs
  - Medicaid revenues
  - Other health care plans and self-pay
  - Public funding
  - Fundraising and donations
  - Uncompensated care
  - Write-offs



# Cost Data (con't)

- Total cost data, including but not limited to
  - Labor costs (paid and volunteer)
  - Operating costs
  - Administrative costs
  - Vehicle and fleet costs
  - Communications costs
  - Equipment and supplies (including drugs)
  - Maintenance
  - Building and facility costs
  - Administrative costs
  - Local jurisdiction costs
  - Cost of readiness
  - Central office administration costs





# The Cost Survey Process

- 
- Initial demographic data reported
- All services

- CMS determines categories for organization designations
- Within each category, CMS will determine a statistically valid number of services that need to be surveyed

- CMS informs survey group of need to report cost information
- Only those survey need to provide data
  - Those surveyed will not need to provide data again until all in category surveyed
  - If do not reply, subject to 5% penalty

- CMS evaluates data and provides public sample files
- Allows for reliable source for making policy decisions



# Why AAA Is Leading

Important for ambulance services to control own destiny

- Others would try to apply hospital model
- Extremely burdensome
- Will not result in best data possible

Need to protect reimbursement rates

- To survive in difficult economic times, critically to build data-driven arguments in support of add-ons



# Need to Legislate Cost Survey

- Extends add-ons five years
- Calls for survey data collection model
  - Initial provider characteristic reporting
  - Cost data survey

Calendar No. 327

113TH CONGRESS  
2D SESSION

**S. 2110**

To amend titles XVIII and XIX of the Social Security Act to repeal the Medicare sustainable growth rate and to improve Medicare and Medicaid payments, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2014

Mr. WYDEN introduced the following bill; which was read the first time

MARCH 12, 2014

Read the second time and placed on the calendar

---

## **A BILL**

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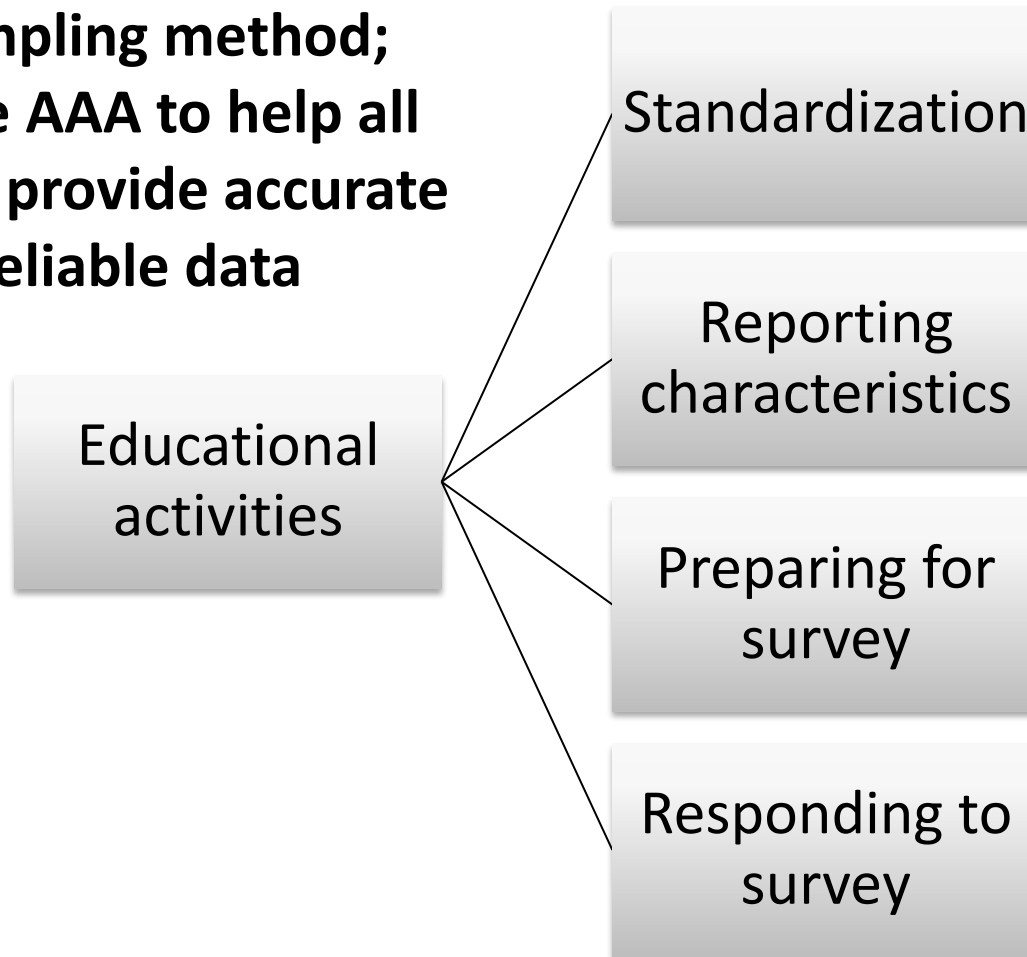
5 “Medicare SGR Repeal and Beneficiary Access Improve-51

6 ment Act of 2014”.



# How AAA Will Help Services to Move Forward

**Critical that the data collection be a statistically valid sampling method; allows the AAA to help all services to provide accurate and reliable data**





# Immediate Step: Standardization

## **Standardized Metrics for Ground Ambulance Services: Recommendations**

**Prepared for: The American  
Ambulance Association Board of  
Directors**

**June 19, 2013**

- Virtually no standardization of definitions or metrics
- Without standardization, cost surveys (including GAO reports) subject to ambiguities
- AAA developed standardized reporting
- Industry must implement recommendations to succeed



# Questions?

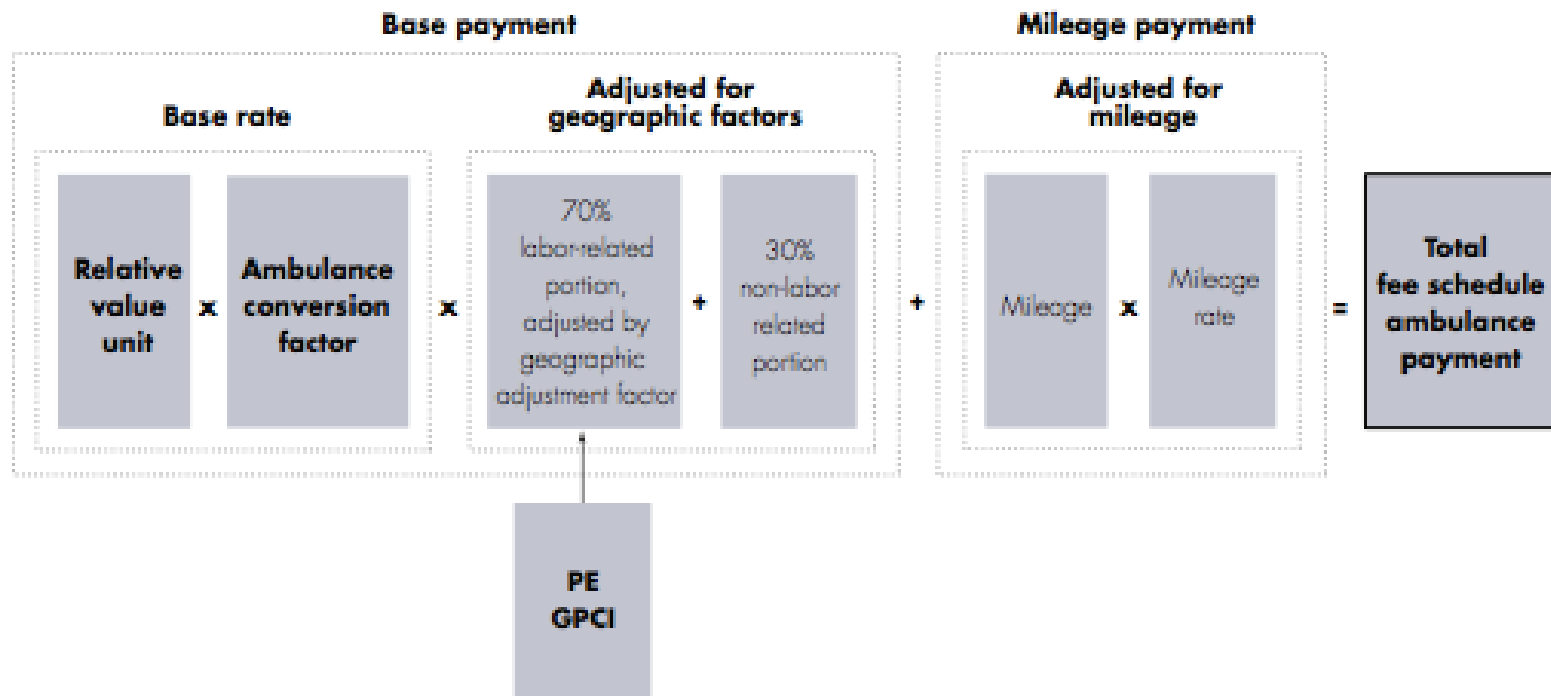


# Conclusion



# Snapshot of Today

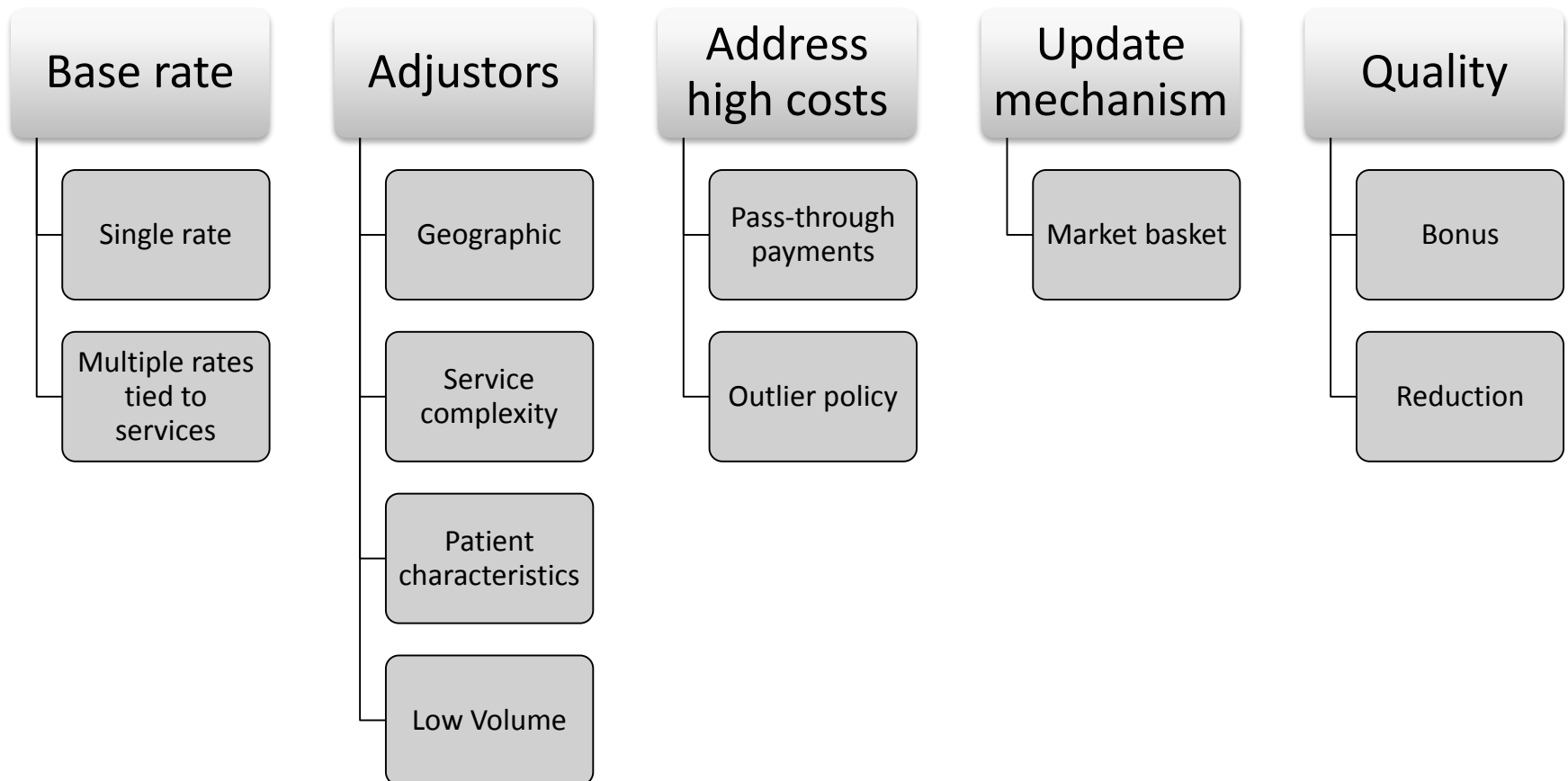
## Ambulance Medicare Payment System







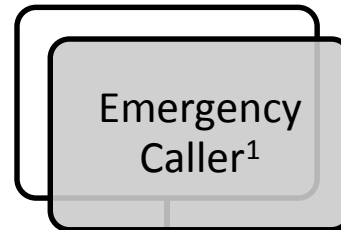
# Core Components of Other Medicare Payment Systems



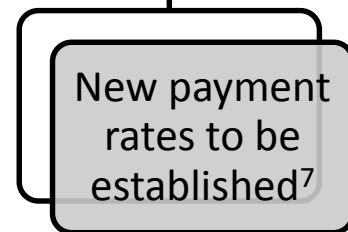
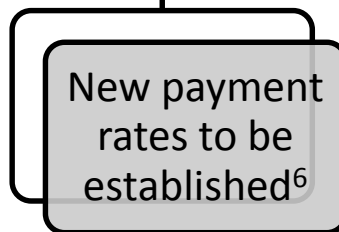
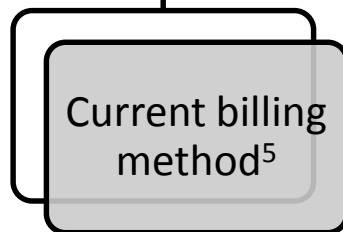
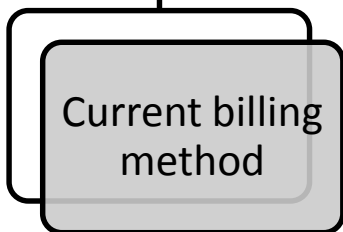
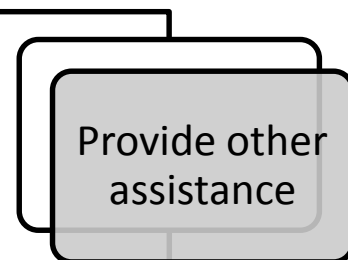
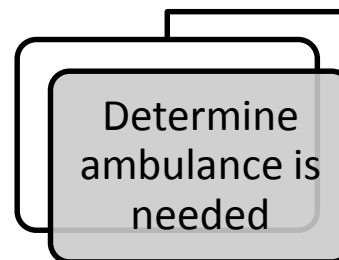
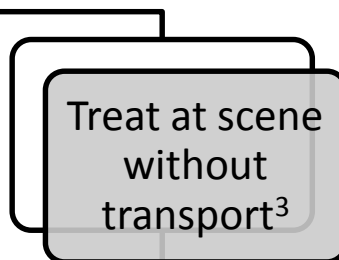
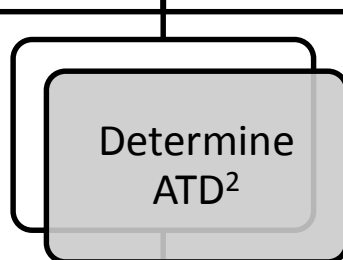
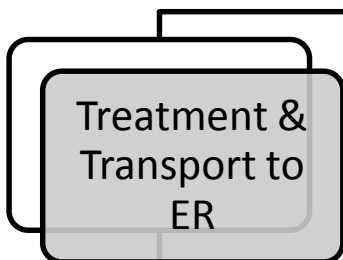
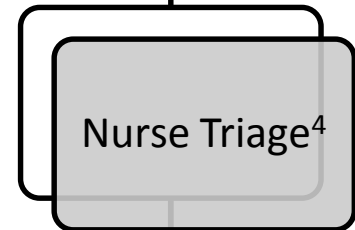
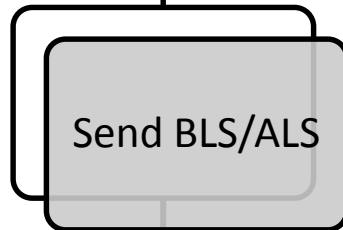


# One Potential Future for EMS

Expansion of  
nonemergency to include  
community-based  
paramedicine



May link payment and  
quality





# How to Get There?

- Need to be recognized for the services provided
  - Shifting from supplier to provider
- Need to understand the cost of providing services
  - Accurate and reliable cost survey supported by the federal government