AMERICAN AMBULANCE ASSOCIATION

July 14, 2026

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Servies
7500 Security Boulevard
Baltimore, MD 21244

Re: **Comments to Address Medicaid Managed Care State Directed Payments (SDP) and Medicaid Fee-For-Service (FFS) Targeted Medicaid Practitioner Payments CMS-2449-P**

Dear Administrator Oz,

On behalf of the American Ambulance Association (AAA), I want to thank you for the opportunity to provide comments on **Medicaid Managed Care State Directed Payments (SDP) and Medicaid Fee-For-Service (FFS) Targeted Medicaid Practitioner Payments** (Proposed Rule).

The American Ambulance Association represents ground ambulance service organizations that provide mobile health care to more than 75 percent of Americans. Our members operate local 9-1-1 emergency response systems, provide medically necessary interfacility transportation, and deliver lifesaving and life-sustaining emergency medical care to patients in every community they serve. Paramedics and emergency medical technicians (EMTs) are often the first health care professionals to evaluate, stabilize, and begin treating patients experiencing life-threatening medical emergencies.

Ground ambulance services are a critical component of the nation's health care infrastructure and public safety system. In many rural and underserved communities, they represent the only health care resource immediately available 24 hours a day, 365 days a year. Ambulance services cannot limit who they serve, when they respond, or where emergencies occur. They must remain fully staffed, equipped, and prepared to respond at a moment's notice regardless of whether a patient is insured, uninsured, or covered by Medicare or Medicaid.

Unfortunately, the financial foundation supporting this essential public service has become increasingly unsustainable.

We understand that the Proposed Rule seeks to ensure that Medicaid payments do not exceed Medicare payment levels for the same services while reducing payment disparities across programs and provider types. While we appreciate CMS's goal of promoting consistency in Medicaid payment policy, we are deeply concerned that the proposal assumes Medicare represents an appropriate benchmark for payment adequacy. For ground ambulance services, it does not.

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Medicare reimbursement already fails to cover the cost of providing ambulance services. Using an inadequate payment system as the ceiling for Medicaid reimbursement will only deepen existing financial challenges and further threaten access to emergency medical care.

Ground ambulance organizations operate under a fundamentally different financial model than most other health care providers. Ambulance services must maintain personnel, vehicles, equipment, communications systems, medications, and medical supplies around the clock to ensure immediate emergency response. These readiness costs exist regardless of whether an ambulance is transporting a patient. Unlike many other providers, ambulance organizations cannot schedule services, manage payer mix, or reduce capacity when reimbursement is inadequate. Emergency readiness is not optional—it is the service.

Despite these unique obligations, Medicare reimbursement has consistently failed to keep pace with the actual cost of providing care. Analysis conducted by Health Management Associates (HMA) using industry cost data found that ground ambulance services operated at an average negative operating margin of approximately six percent in 2022, with super-rural providers

experiencing negative margins approaching twenty percent. These findings represent a worsening trend from earlier Government Accountability Office (GAO) analyses demonstrating that Medicare payments have long fallen below the cost of providing ambulance services.

Medicaid reimbursement frequently falls even further below costs. As a result, ambulance organizations are increasingly forced to absorb substantial financial losses while continuing to provide lifesaving care to every patient who calls 9-1-1.

The consequences of chronic underpayment are no longer theoretical—they are already affecting patient access.

Between 2021 and 2024, the number of ambulance organizations billing Medicaid declined by approximately five percent. During this same period, researchers at the University of Pittsburgh documented the emergence of "ambulance deserts"—areas where no ambulance is stationed within a 25-minute response radius of residents—in multiple states across the country. These findings reflect the growing inability of ambulance organizations to sustain operations under current reimbursement levels.

Every ambulance service closure, consolidation, or reduction in service capacity directly impacts patient care. Longer response times can delay treatment for heart attacks, strokes, traumatic injuries, sepsis, respiratory emergencies, and countless other time-sensitive medical conditions. Likewise, medically necessary interfacility transports become more difficult to arrange, delaying patients' access to specialized care.

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America's ambulance organizations provide emergency and medically necessary transportation to approximately 15 million Medicare and Medicaid beneficiaries each year. According to CMS's Ground Ambulance Data Collection System, nearly seventy percent of industry revenue supporting these critical services comes from Medicare and Medicaid. Because these public programs represent the primary source of reimbursement for much of the industry, inadequate payment rates have a direct and immediate impact on the ability of ambulance organizations to maintain emergency readiness and preserve access to care.

Unlike hospitals and other institutional providers, ground ambulance services generally do not have access to supplemental payment programs designed to offset chronic underfunding, such as Disproportionate Share Hospital (DSH) payments, Rural Emergency Hospital programs, Sole Community Hospital designations, or similar funding mechanisms. There are few opportunities to offset persistent losses through other lines of business. Ambulance organizations simply absorb the losses while continuing to answer every emergency call.

For these reasons, we respectfully urge CMS to recognize that Medicare reimbursement should not be used as a proxy for payment adequacy when establishing Medicaid payment limits for ground ambulance services. If Medicare rates do not cover the cost of providing emergency medical services, using those rates as a ceiling for Medicaid reimbursement will only exacerbate an already fragile financial environment and further erode access to care for both Medicaid and Medicare beneficiaries.

The nation's emergency medical services system depends on financially sustainable ambulance providers that remain ready to respond every hour of every day. CMS has an opportunity through this rulemaking to acknowledge the unique role ground ambulance services play within the health care system and ensure that payment policies do not unintentionally worsen existing access challenges. We are eager to collaborate with CMS to develop Medicaid payment policies sufficient to assure patient access to life saving emergency ambulance care.

Thank you for your consideration of these comments. We look forward to continuing to work with CMS to develop payment policies that preserve access to high-quality emergency medical services for all Americans. Please do not hesitate to contact Tristan North, Senior Vice President of the American Ambulance Association, or Kathy Lester, Counsel to the AAA, if we can provide additional information or assist the Agency further.

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