



## TITLE OF LEGISLATION

- Emergency Medical Services Insurance Reimbursement Program
- Howard County Council Bill 09-2019

## LEGISLATION OVERVIEW

Council Bill 09-2019, if passed, would authorize the County to be able to charge for Emergency Medical Services (EMS) provided by the Department of Fire and Rescue Services and its six affiliated volunteer fire corporations. The bill would allow the County to collect these charges from patient insurance companies. Portions of the charges incurred by County residents that are not reimbursed by the insurance companies, such as copays and deductibles, would be considered as “paid” by way of the County residents' payment of County taxes. Non-County residents receiving emergency medical services by County providers would be responsible for non-reimbursed, out-of-pocket costs, except in cases of financial hardship. Program revenues would be used to supplement the County’s Fire Tax Fund, which currently supports the provision of Emergency Medical Services, as well as the integrated fire protection, rescue, hazardous materials, fire investigation, emergency management, and other services provided by the Department of Fire and Rescue Services and the affiliated volunteer fire corporations.

The Rate Schedule will be proposed in the future as a separate resolution.

## FISCAL SUMMARY

### LOCAL-LEVEL IMPACTS OF CB 09-2019

- County personnel shall deliver emergency medical services regardless of whether patients are insured, and regardless of a patient’s ability to pay.
- First responders shall neither request payment nor inquire into a patient's insurance coverage or ability to pay while services are being provided, including during transport to the hospital. The sole focus of all emergency service providers is on the provision of high quality emergency medical care.
- County residents will not be billed or otherwise be responsible for payment of unreimbursed or out-of-pocket charges not covered by insurance. Instead, unpaid portions of the emergency medical services fees incurred by County residents will be deemed to have been paid through the residents' payment of County taxes.
  - Non-County residents will be billed and will be responsible for unreimbursed or out-of-pocket portions of the charges. The County will also bill insurance companies on behalf of non-County residents. Non-County residents will be billed and will be responsible for portions of the charges not paid by insurance companies. A safety net is in place for those who cannot afford to pay (see below). It is the intent that no person experience financial hardship as a result of having needed emergency medical services.
  - To ensure that those with financial hardship are not impacted, non-County residents who owe unreimbursed charges may apply for an income-based hardship waiver for any portion

of the charges not covered by their insurance company. This would only be applicable to non-County residents, as County residents would not be held accountable for charges that their insurance does not reimburse. The legislation sets income levels for eligibility at 300 percent of federal poverty guidelines.

#### PRIVATE BUSINESS IMPACTS OF CB 09-2019

- Insurance companies would begin to receive requests for reimbursement for EMS provided by the County, similar to other health services that their insured beneficiaries receive.
- The County would enter into a contract with a private medical billing vendor.
- The County may enter into agreements with various private insurers that would define and facilitate their billing process.

#### STATE-LEVEL IMPACTS OF CB 09-2019

- Minimal or no impacts identified. All surrounding jurisdictions have similar programs.

#### OTHER IMPACTS OF CB 09-2019

- Minimal or no impacts identified.

### ANALYSIS

#### CURRENT LAW

- No current County statute exists that is directly related to this legislation.
- Other relevant legal statutes and regulations include:
  - Health Insurance Portability and Accountability Act of 1996 (HIPAA)
    - <https://www.hhs.gov/hipaa/for-professionals/index.html>
  - Medicare Claims Processing Manual, Chapter 15 - Ambulance
    - <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c15.pdf>
  - There are numerous other federal regulations that are relevant to medical billing through Medicare, Medicaid, and private insurers. The statutes and regulations cover issues such as establishing ambulance service as a Medicare Part B service, payment rules and processes, and ambulance service staffing requirements. Private insurers also usually have their own rules and established process requirements.

### DISCUSSION

Private insurers, Medicare, and Medicaid all reimburse for emergency medical services and transportation to a hospital. Currently, Howard County provides these services but does not charge individuals directly or collect from health insurers. These services are funded through the Fire Tax Fund. This program would establish a mechanism to charge and collect for services. Most revenues would be from insurer reimbursements, some would be from unreimbursed portions or out-of-pocket costs of charges incurred for providing emergency medical services to non-County residents. The estimated reimbursement levels still fall well short of the County's actual costs in providing high quality and comprehensive emergency services. Revenues from this program would be directed to augment the Fire Tax Fund and distributed through the County budgetary process.

## COUNTY REVENUES

- The County Budget Office estimates that the program will generate potential gross revenues of \$3 million annually (per 12 months) once established.
- The Department of Fire and Rescue Services estimates that it provides about 18,000 emergency medical service transports to hospitals annually. Currently, the County intends to only institute charges for emergency medical service incidents that result in transport to a hospital because it currently is the only part of emergency medical services care reimbursed by insurers. However, that could change in the near future, as legislation at both the state and national levels has already been introduced to expand the services covered.
- The Department of Fire and Rescue Services has not yet set specific charges for emergency medical service transports. The Department has identified the amounts charged by surrounding jurisdictions, and anticipates charging a similar amount. The Department anticipates contracting with a billing vendor to ensure compliance with all federal regulations governing billing for medical services and will consult with the vendor before selecting which of several different approaches best suits Howard County and for a decision on the amounts to charge. However, the Department anticipates a charge of between \$500 to \$750 per transport, depending on the level of emergency medical services provided (e.g. basic or advanced life support), plus a mileage charge.
- Revenues collected by the County will be significantly impacted by the amounts reimbursed by insurers, not necessarily by the amounts that the County ultimately charges.

## COUNTY EXPENDITURES AND LIABILITIES

- The Department of Fire and Rescue Services intends to establish an EMS Reimbursement Office that would include a program manager and personnel for medical billing support, systems technical support, patient advocacy and conflict resolution, documentation and quality improvement, and initial and ongoing emergency medical service provider training. The plan at this point is to establish this office based on input from neighboring jurisdictions and their experiences. This will require about six months to initiate. The specific job descriptions and classifications are still under development. Estimates of personnel costs for three proposed positions are approximately \$350 thousand annually.
- The County would contract with an emergency medical services billing vendor to make insurance company submissions at an anticipated cost of 4-7% of program revenues. Using \$3 million as a projected net revenue, vendor costs will likely be in the \$140-245 thousand range. The specific delineation of tasks and responsibilities between the Department's billing office and the vendor would be defined by the contract. The Department would still be required to manage many aspects of the new billing function, including managing the relationship with the billing vendor, developing and monitoring compliance policies and procedures (there are potential fines for non-compliance with protected health information confidentiality and non-compliance with Medicare and Medicaid regulations), initiating and managing related contracts, ensuring regulatory compliance, quality assurance and improvement (impacts reimbursements), community outreach, and responding to difficult requests and questions from internal and external stakeholders.
- The Department recommends that a consultant be contracted to assess needs for compliance with HIPAA privacy and security rules, to assess currently used systems and processes, and to recommend required systems and best practices. This consultant may need to be retained for a period of time during implementation. It may also be possible to select a consultant that is

- specifically familiar with HIPAA in the context of medical or EMS billing. The specific costs for this consulting are unknown at this time, but will likely be \$15-30 thousand, depending on scope.
- The Department of Fire and Rescue Services would maintain required systems to collect and bill for emergency medical services. Some of the systems used to handle patient information and medical records are already in place for the Department's current provision of emergency medical services. However, additional components and systems would likely be necessary.
    - Patient Reporting Software: The Department currently maintains software capable of patient reporting which is also capable of capturing emergency medical service billing information. Anticipated additional costs are minimal.
    - Patient Reporting Hardware: The Department currently maintains computer hardware capable of patient reporting, which has initial, ongoing, and replacement costs associated with it. However, it is anticipated that an enhancement of current practices may be necessary to comply with HIPAA privacy and security rules that may be applicable when billing for medical services. It may be possible to roll certain hardware costs into the billing vendor contract. Additional costs are estimated initially as approximately \$40 to \$150 thousand, depending on whether there will be start-up hardware costs associated with HIPAA compliance (for modifying current hardware if it can be made compliant, or replacing it if it cannot). Additional annual hardware costs associated with compliance-related hardware are estimated to add about \$15 thousand to patient reporting hardware requirements.
    - Privacy and security software: The Department does not currently use specialized privacy and security software, and it is anticipated that such software will be required to comply with federal law once the County begins billing for emergency medical services. Though a specific solution has not yet been decided upon, costs for acquisition and annual subscription of appropriate products is estimated to be about \$40 thousand annually.
    - Patient Reporting System Support: The additional computer hardware and software will require ongoing support, and may necessitate having support resources on-call on a 24 hour basis. Estimates for the after-hours portion of such an on-call program would be an additional cost of about \$60 thousand annually.
  - Training of personnel will be required for procedures associated with billing activities, as there will be certain changes from current practice required. The amount of training may be dependent on recommendations from a billing and HIPAA consultant. A reasonable estimate for development of training materials, systems, and required training of personnel is \$15 to 95 thousand for initial training (depending on how much face to face time is required, how much internally developed curriculum might be required, and the cost of potential curriculum subscriptions), and \$10 to \$55 thousand for ongoing training (depending on the same factors).
  - The Maryland Court of Appeals has not addressed the question of whether billing for emergency services would impact statutory immunity under the Fire and Rescue Act, but any claims would still be subject to the Local Government Tort Claims Act.

## ADDITIONAL INFORMATION

### PRIOR BILL INTRODUCTIONS

- None

### ATTACHMENTS

- Attachment A - Howard County Maryland Ambulance Billing Report (n.d.). Authors unlisted.
  - This is a 2016 report submitted by a County-contracted consultant regarding EMS billing.

### CONTRIBUTIONS TO THIS ANALYSIS BY:

- John Jerome, Deputy Chief, Howard County Department of Fire and Rescue Services
  - Direct inquiries to [jjerome@howardcountymd.gov](mailto:jjerome@howardcountymd.gov)
- Raul Cruz, Budget Analyst, Howard County Budget Office

### FISCAL NOTE HISTORY

- Initial Version 03/08/2019 13:30

# **HOWARD COUNTY MARYLAND Fire/EMS Ambulance Billing Report**

## **Table of Contents**

- **Recommendations/Considerations**
- **Maryland County Detail Analysis**
- **Implementation Guideline**

# Howard County Maryland Fire/EMS Ambulance Services Billing Report

## Recommendations/Considerations for Howard County

Ambulance Billing is an established tool around the country and most jurisdictions charge for the service or contract ambulance service to third party providers who will certainly bill and hard bill for their services.

Below are observations that are the key to a successful implementation of an ambulance billing practice.

**Start up/Education** - The key to a successful start up of ambulance billing is first and foremost centered around education. The elected officials must understand both the staff and public reaction to billing. Billing should be seen as an untapped revenue stream that can mitigate the need for tax increases. While a Fire Tax increase can quickly raise revenues, it will be at the expense of the County property owner.

Ambulance billing will not come out of the taxpayer's pockets, but will be paid by their insurance company, be it Medicare, their auto policy or their health policy. Assuming the patient is not balance billed (Compassionate Billing Policy), after collecting from these available sources, there will be -0- out-of-pocket cost. This should be stressed to the public at the beginning stages of ambulance billing discussions.

Service providers must also be a buy in, both career and volunteer. Training the providers is one of the key elements to successfully generating billing revenues.

**Billing Support Staffing** will be needed to assure compliance to Medicare procedures as they relate to coding, HIPPA requirements, fraud and protection of personal information. A Compliance Officer position should be the first position hired, well prior to the projected start-up date, so that the documentation needed for billing is done correctly and is compliant with all federal laws.

In order to be reimbursed, medical transports must be medically necessary and fully compliant. The Compliance Officer responsibility is to will assist in the RFP process for a third party billing agent (recommended highly), as well as oversee the training of service providers, as assisted by the 3<sup>rd</sup> party provider. This position can also serve as the public outreach position.

**Vendor Start-up Cost** –Once a vendor (Billing Agent) is selected, their software will interface with the State's EMEDS (Image Trend). The County will continue to use the State's EMEDS reporting system. No new software will be needed. The vendor will access the data via EMEDS, as well as partner with local hospitals to access patient demographics, such as insurance information. There should be little or no additional cost to the County involved with start-up other than hiring a Compliance Officer. It is not likely that new hardware will be needed, though the vendor should be consulted. Since Image

Trend uses State servers, Howard County servers are likely not impacted. I would verify with Howard County IT.

**Training** –The initial training is usually conducted by the Vendor. The Compliance Officer will also be trained and participate in the exercise. The Timeline for the initial training should be no more than one day per trainee. Annual compliance training will occur, and be conducted by the Compliance Officer and designated Career personnel. The Compliance personnel must be involved to assure HIPAA compliance. A mandatory annual on-line training exercise would be required.

**Participating Hospitals** –It is unlikely that a MOU will be required between the County and the Hospitals. The vendor will coordinate with the hospital to assure that the insurance and demographic information is collected and is accessible to the vendor.

**Lead Time** for beginning the billing process and for starting to collect those billings is significant.

In Frederick County it took about 18 months to fully ramp up collections to an acceptable level.

Baltimore County is still experiencing a ramp up since their September 2015 start-up date.

The lead time for billing Medicare, the most used form of insurance for the senior population, will be at least 60 days after the successful completion of the application enrollment form. Though demographics vary, seniors are almost always the predominate users of medically necessary ambulance transports. Even when collections are flowing normally, there can be a 60-90 day delay in receipts. Furthermore, a 50% collection rate, which is normal, may not be attainable for up to a year or longer. Remember that Medicare only pays 80% of the rates that they establish, regardless of the County billing rate schedule.

Private Insurers may have a more generous reimbursement rate, but deductibles can impact the insurer's ability to pay the balance due. Piggy-backing other contracts for billing services can save time and expense.

It would be advisable to review other state RFP's to assure that you pick the contract that best suits Howard County.

**Conclusion:** If the desire of the County elected officials to initiate ambulance billing, knowing the revenue stream will not be immediate is paramount. Once the budget approval is given, I would estimate a 3 to 6 month lead time for "go live". Once in place, expect collections to begin slowly, not peaking for at least a year.



In Howard County, we would expect that billing implementation could begin no sooner than July 1, 2018. Typical billing rates for ambulance transports range from \$300 (basic non-emergency) to \$700 ALS 1, and \$750 for ALS 2. Additionally, loaded miles are usually charged at a rate of \$10 per mile.

Assuming a July 1, 2018 start-up date, Estimate FY 2019 net receipts of between \$.750 - 1.5 million. In FY 2020 Project revenues in the \$3-4 million range and beginning in FY 2021, \$6-7 million can be expected. These projections assume an aggressive timetable and a full staff commitment.

## **Howard County Maryland Fire/EMS Ambulance Services Billing**

### **Maryland County Detail Comparison**

The attached illustrates the ambulance billing programs in Frederick, Anne Arundel, Harford and Baltimore Counties.

#### **FREDERICK**

- Frederick has been billing since January 2003 and has a very similar number of billable transports as does Howard County. Frederick conducted an extensive public outreach/education effort prior to roll-out to explain to taxpayers the need for billing and the impact to them personally. There was a perception of double charging and a concern by the volunteer base that it may impact their fundraising efforts. There is also a Subscription Club which acts as an insurance against being balance billed that protects those with no coverage or high deductibles. Frederick's \$6 million of net revenue represents a 55% collection rate currently, after hovering in the 50% range for many years.
- Frederick has 3 FTEs dedicated to ambulance billing efforts, as well as another person dedicated to compliance issues that revolve around HIPPA regulations, fraud and coding issues. Approximately 80%+ of the transports are handled by Frederick County career personnel.
- About 66% of those calls are BLS vs. 34% ALS. Medicare covered calls vs. Insurance claims are close to a 50/50 mix. Frederick follows a "soft billing" policy, as do most jurisdictions.
- There is no out-of-County surcharge, but there is a 3 billing follow-up collection process for both in-County and out-of-County balance dues from insurance paid claims. Collection agencies are not used.

#### **ANNE ARUNDEL**

- Anne Arundel has billable transports that are about 3 times the amount of Howard or Frederick. Understand that the Anne Arundel stats do not include the city of Annapolis (which we have not yet been able to obtain).
- Anne Arundel has annual gross receipts of approximately \$10 million.
- The total estimated their billable transports total to be approximately 55,000.

## **BALTIMORE COUNTY**

- Baltimore County just began the billing process in September 2015. In the first 8 months of start-up collections were predictably slow which realized only \$3.7 million of revenues. This is similar to the experience in Frederick County during start-up.
- In the FY 2017 budget, they estimate gross collections of \$27.5 million vs. fees of about \$1.1 million, or about 5%. Collection rate data is still in the early stages and not yet predictable. The collection rate estimate is a very aggressive one and would not be surprised if in FY 2017 there is a budgeted revenue shortfall.
- About 1,000 career providers respond to approximately 83% of the calls in Baltimore County.

## **HARTFORD COUNTY**

- Hartford County has a unique ambulance billing effort. Each of the 11 ambulance companies conducts its own billing effort, through the use of multiple 3<sup>rd</sup> part agents.
- Hartford County has no EMS service providers that are County directed or funded staff. The career staff is hired via the volunteer Foundation (501C3) and are assigned /charged to stations as needed.
- In Hartford County, the billing process began in the 1990s with some companies and has expanded over time, some beginning billing just 2 years ago.
- Most companies are charged a flat rate of \$21 per collectable transport, rather than the customary % fee. There is also some County and municipal funding involved assisting the companies.
- Career staff runs about 80% of the calls according to the Volunteer Association. Statistics provided are an estimate from the Association and are difficult to accurately gather since each company stands alone as a provider.

## **Howard County Maryland Fire/EMS Ambulance Services Billing**

Implementation Process/Timeline Issues to be considered. The following details the minimum steps necessary to get to the point of billing for services for EMS Services within Howard County.

- Council/Executive Approval
- Detailed Comparative Research (Fees/Process w/Maryland Counties)
- Education/Buy-in with Fire & Rescue Services
- Education for Citizens
- Hiring of Compliance Staff person
- Training of EMS/Fire Staff if necessary
- Determine Billing Policy and Vendor Selection
- Determine Fee /Rate Policy(Soft Billing Clarification)
- Determine Program Start Date and Full Roll out.