Discussion on Air Ambulance Coverage
February 4, 2016
PRESENTATION OUTLINE

• History and context
• Financial analyses
• Communications
• Recommendations
**HISTORY & CONTEXT**

**Average Fixed Wing OON**

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tr>
<td>$</td>
<td>$25,000</td>
<td>$20,000</td>
<td>$22,500</td>
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</table>

**Average Rotary OON**

<table>
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<th>Year</th>
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<th>2014</th>
<th>2015</th>
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<tr>
<td>$</td>
<td>$10,000</td>
<td>$15,000</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$30,000</td>
<td>$35,000</td>
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</tbody>
</table>
**History & Context**

- **Allegiance Provider Direct In-Network Air Ambulance Listing 2010**
  - A.L.E.R.T. Air Ambulance
    - Kalispell Regional Medical Center
  - H.E.L.P. Flight
    - St. Vincent Healthcare
  - Life Flight
    - St. Patrick Hospital
  - MedFlight Air Ambulance
    - Billings Clinic Hospital
  - Mercy Flight Air Ambulance
    - Benefis Hospitals Inc.

- **Out of network providers (for Allegiance & Cigna) who operate in Montana**
  - Airlift Northwest
    - Seattle, WA – 2007 (for transports to Seattle Children’s & Harborview)
  - Rocky Mountain Holdings/Care Flight
    - Missoula, MT – Spring 2005
  - Summit
    - Bozeman, MT – January 2012
    - Helena, MT – February 2014
  - Eagle Med
    - Butte, MT – November 2014
  - Life Flight
    - Butte, MT – January 2014
  - Northwest MedStar
    - Missoula, MT – April 2014
**History & Context**

- **Allegiance Provider Direct In-Network Air Ambulance Listing 2010**
  - Facility Based Providers
    - A.L.E.R.T. Air Ambulance – Kalispell Regional Medical Center
    - H.E.L.P. Flight – St. Vincent Healthcare
    - Life Flight – St. Patrick Hospital
    - MedFlight Air Ambulance – Billings Clinic Hospital
    - Mercy Flight Air Ambulance – Benefis Hospitals Inc.

- **Allegiance Provider Direct In-Network Air Ambulance Listing 2015**
  - Facility Based Providers
    - A.L.E.R.T. Air Ambulance – Kalispell Regional Medical Center
    - H.E.L.P. Flight – St. Vincent Healthcare
    - MedFlight Air Ambulance – Billings Clinic Hospital
    - Mercy Flight Air Ambulance – Benefis Hospitals Inc.
    - North East Montana STAT Air Ambulance Cooperative – Frances Mahon Deaconess Hospital, Phillips County Hospital & North East Montana Health Services
  - Independently Operated Providers
    - Montana Medical Transport
    - American Aerovac – National Provider
    - AMR Air Ambulance – National Provider
    - Bismark Air Medical, LLC
    - Valley Med Flight, Inc.

*Any provider willing to accept 250% of Medicare or less without balance billing to the patient.*
History & Context

- Responsibilities of plan sponsor per ERISA

29 U.S. Code § 1104 – Fiduciary duties
(a) Prudent man standard of care
   (1) Subject to sections 1103(c) and (d), 1342, and 1344 of this title, a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and—
      (A) for the exclusive purpose of:
           (i) providing benefits to participants and their beneficiaries; and
           (ii) defraying reasonable expenses of administering the plan;
      (B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
## Financial Analyses

- Sample of out of network flights – facility to facility

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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</thead>
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<tr>
<td>Aircraft Type</td>
<td>Fixed</td>
<td>Fixed</td>
<td>Rotary</td>
<td>Rotary</td>
<td>Fixed</td>
<td>Rotary</td>
<td>Rotary</td>
<td>Fixed</td>
<td>Rotary</td>
<td>Fixed</td>
</tr>
<tr>
<td>From</td>
<td>Bozeman</td>
<td>Havre</td>
<td>Butte</td>
<td>Deer Lodge</td>
<td>Butte</td>
<td>Sheridan</td>
<td>Anaconda</td>
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<td>Deer Lodge</td>
<td>Missoula</td>
</tr>
<tr>
<td>To</td>
<td>Seattle</td>
<td>Seattle</td>
<td>Missoula</td>
<td>Missoula</td>
<td>Billings</td>
<td>Billings</td>
<td>Spokane</td>
<td>Seattle</td>
<td>Missoula</td>
<td>Spokane</td>
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<td>Billed Base</td>
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<td>$15,000</td>
<td>$15,525</td>
<td>$18,134</td>
<td>$19,400</td>
<td>$19,400</td>
<td>$13,116</td>
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<tr>
<td>Billed Mileage</td>
<td>$53,392</td>
<td>$56,776</td>
<td>$18,379</td>
<td>$34,340</td>
<td>$38,400</td>
<td>$48,800</td>
<td>$45,581</td>
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<tr>
<td>Miscellaneous</td>
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<td>-</td>
<td>$1,250</td>
<td>$993</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$608</td>
<td>$2,574</td>
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<tr>
<td>Total Billed</td>
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<td>$71,776</td>
<td>$35,154</td>
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<td>595%</td>
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<td>Allowed per Plan</td>
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<td>% of Medicare</td>
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<td>250%</td>
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**FINANCIAL ANALYSES**

- Sample of out of network flights – facility to facility

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<thead>
<tr>
<th>Aircraft Type</th>
<th>Reach Medical Services</th>
<th>Reach Medical Services</th>
<th>Reach Medical Services</th>
<th>Rocky Mountain Holdings</th>
<th>Rocky Mountain Holdings</th>
<th>Summit Air Ambulance LLC</th>
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<tbody>
<tr>
<td>From</td>
<td>Bozeman</td>
<td>Bozeman</td>
<td>Butte</td>
<td>Missoula</td>
<td>Butte</td>
<td>Bozeman</td>
<td>Butte</td>
<td>Bozeman</td>
<td>Butte</td>
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<tr>
<td>To</td>
<td>Billings</td>
<td>Billings</td>
<td>Bozeman</td>
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<td>Denver</td>
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<td>$ 21,875</td>
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<td>$ -</td>
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<td>Total Billed</td>
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<tr>
<td>Total Medicare</td>
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<td>$ 5,973</td>
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<tr>
<td>% of Medicare</td>
<td>633%</td>
<td>397%</td>
<td>376%</td>
<td>442%</td>
<td>444%</td>
<td>670%</td>
<td>701%</td>
<td>642%</td>
<td>398%</td>
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<tr>
<td>Allowed per Plan</td>
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</table>

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FINANCIAL ANALYSES

• Determination of “reasonable” and basis of data
  – What other providers are accepting as payment in full
    • From current in-network providers
  – Source data
    • From Sentinel Air Medical Alliance
    • 2012 MedPAC study
    • FAA study
  – Multiple of Medicare
  – Willingness to accept direct cost data

The Plan wishes to be equitable in its dealings with Summit Air Ambulance. If you dispute Sentinel’s cost data, please provide operational cost information that will help us determine a more appropriate level of reimbursement.
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FINANCIAL ANALYSES

• Association of Air Medical Services (AAMS) 2012 MedPAC Report
  – The $5,700 average Medicare reimbursement is a mix of both rural and urban rates.
  – The relative percent mix of Medicare transports can vary between 15-30%+ of total transports.
  – The relative percent mix of Medicare transports is increasing by 7-22% year on year and will continue to do so as the population of boomers continue to grow in the Medicare pool.
  – The cumulative loss on Medicare Transports averages 10% of total program costs, which money could be invested in safety initiatives and reduce the amount of costs shifted to commercial insurance programs.

Notes:
1. Allegiance uses Rural Medicare rates in all its Montana Air Ambulance price determinations
2. Rural Medicare rates are 150% of urban Medicare rates for air ambulance
**Financial Analyses**

- **Calculation of required cost shifting**

  **Assumptions**
  
  | Medicare as a % of total revenue | MW | 30% | 40% |
  | Loss on Medicare business       | ML | 10% | 25% |
  | Commercial as a % of total Revenue | CW | 70% | 60% |
  | Assumed margin                  | DM | 20% | 20% |
  | Medicare as a % of Cost         | MC | 90% | 75% |

  **Required Revenue from Commercial as a Multiple of Medicare**
  
  | RR | 133% | 150% |

  \[
  RR = \left[ (1+DM) - (MW \times MC) \right] / CW
  \]
FINANCIAL ANALYSES

• Workers Compensation case in Texas
  – Signed September 8, 2015

This case involves challenges by numerous insurance companies (Carriers) to Medical Fee Dispute Resolution (MFDR) decisions by the Texas Department of Insurance, Division of Workers’ Compensation (DWC) ordering additional reimbursement for air ambulance services provided by PHI Air Medical (PHI). After considering the evidence and arguments presented, the Administrative Law Judge (ALJ) finds that the proper reimbursement for the air ambulance services in dispute is 149% of the Medicare reimbursement amount. This rate reflects the per-transport average amount of revenue that allows PHI to recover its costs and earn a reasonable profit. This amount meets the statutory standards, reflects the cost of service (plus profit) for the services at issue, and allows for a reimbursement that neither unfairly subsidizes other patient populations nor requires subsidization by other populations. Consistent with this rate, the ALJ finds that PHI is entitled to additional reimbursement in the amounts reflected on Attachment 1 to this Decision and Order.

## Communications

<table>
<thead>
<tr>
<th>Allegiance In-Network Providers</th>
<th>Phone Number</th>
<th>Fixed Wing</th>
<th>Rotary Wing</th>
<th>NICU Transfers</th>
<th>Based out of:</th>
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<td>Benefis Healthcare</td>
<td>800-972-4000</td>
<td>X</td>
<td>X</td>
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<td>Great Falls, MT</td>
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<tr>
<td>Billings Clinic Hospital</td>
<td>800-325-1774</td>
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<td></td>
<td>X</td>
<td>Billings, MT</td>
</tr>
<tr>
<td>Bismarck Air Medical, LLC</td>
<td>800-441-1310</td>
<td>X</td>
<td></td>
<td></td>
<td>Bismarck, ND</td>
</tr>
<tr>
<td>Kalispell Regional Healthcare</td>
<td>866-302-9767</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Kalispell, MT</td>
</tr>
<tr>
<td>Montana Medical Transport</td>
<td>406-442-2190</td>
<td>X</td>
<td></td>
<td></td>
<td>Helena, MT</td>
</tr>
<tr>
<td>NE Stat Air</td>
<td>800-992-7828</td>
<td>X</td>
<td></td>
<td></td>
<td>Glasgow, MT</td>
</tr>
<tr>
<td>St. Vincent’s Healthcare</td>
<td>800-538-4357</td>
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<td>X</td>
<td>X</td>
<td>Billings, MT</td>
</tr>
<tr>
<td>Valley Med Flight, Inc.</td>
<td>800-828-0168</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Sidney, MT &amp; Williston, ND</td>
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<tr>
<td>American Aerovac Inc.</td>
<td>800-423-5993</td>
<td>X</td>
<td>X</td>
<td></td>
<td>For transfer any place in the US</td>
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<tr>
<td>AMR Air Ambulance</td>
<td>800-424-7060</td>
<td>X</td>
<td></td>
<td></td>
<td>For transfer any place in the US</td>
</tr>
</tbody>
</table>
COMMUNICATIONS

To facilities

Air Ambulance

Out-of-network air ambulance transportation is very costly with most air transport companies charging $200-300/hour for each hour of flight time. To avoid this cost and for the service beneficial to patients, family members, friends, and medical providers, your Allegiance Member may utilize the services of In-Net Air Ambulance to transport your Member to a hospital.

Benefits will cover up to a maximum amount allowed by in-network air ambulance, but these patients are billed any remainder.

THE SOLUTION

Air Ambulance is already available in your area. If you need information on a claim, please call your Claims Line.

Authorization

Claims that exceed the contracted limits of Air Ambulance transportation services will be denied.

Credentialed Update

Effective April 1, 2018

Allegiance Benefit Plan Management, Inc. groups will require credentialing of all network providers. Providers who have not completed credentialing with Allegiance will be considered out-of-network for all Allegiance and Cigna members.

Effective April 1, 2018

Allegiance Provider Direct will require providers to credential through CAGH, in order to avoid the expense of free of charge. CAGH is in the process of collecting Allegiance Provider Direct provider credentialing information, has launched the next iteration of the Universal Provider Database (UPD), now called CAGH Provider Direct. CAGH’s in-house Credentialing Support Center helps providers and practice managers with their transition.

Allegiance Provider Direct website offers services like benefit verification, update forms and applications, and recent provider news and information in an accessible format. We encourage our providers to check out the new site www.allegianceproviderdirect.com and explore services available there including the following:

• Forms for adding, editing, and deleting provider information
• Credentialing information for Allegiance credentialing questions please email CAGHproviderdirect@allegiance.com
• Useful FAQs and additional documents regarding Allegiance members

No Cost Pay-Plus B3/SACH – Action Required

Allegiance Benefit Plan Management, Inc. issues electronic payments and reimbursement through our partner, Pay-Plus Solutions, a CAGH (CARR) certified vendor for delivery of Electronic Funds Transfer (EFT) and Electronic Remittance Advices (ERAs) or 835s. Because of your relationship with Allegiance, you have the option of sending with Pay-Plus Solutions Inc. (PPS) for ACI at no cost to your practice or facility. This enrollment will allow you to receive both:

• Allegiance’s claim payments via ACI, directly deposited into your bank account
• CORE compliant 835s

To facilitate this transition, please create your provider profile at http://mypp.sonarcore.com/PayPlus/PayerProviderDashBoardHowTo.html to initiate the process. Your organization will obtain a unique registration code to set up your account from the PPS website. Once you have received this registration code, you must notify PPS by submitting an email to PPS@allegiance.com. CoreDirect@sonarcore.com with your code. PPS will continue the process and notify you via email when you are able to finalize the process with your banking information to receive EFTs. This is a LIMITED TIME OFFER for all Allegiance Provider Direct members. It is imperative that you complete the enrollment process with PPS to initiate receipt of EFT/835 without charge.

The no cost option will expire soon. If you are receiving virtual card payments from Pay-Plus Solutions at this time, and want to continue receiving these transactions, this option is still available. Technical support and other inquiries should contact Pay-Plus Solutions directly.

Call PPS at 877-623-8770 or email info@psolutions.com

Allegiance Benefit Plan Management, Inc. Medical Policy Update

Effective August 1, 2015:

Transportation CPT codes 77003 and 77047 have been restated as covered services for Allegiance Benefit Plan Management, Inc.
RECOMMENDATIONS

• **For Medical Transport Companies**
  – Disclose pricing to facilities
  – Disclose ownership and/or any financial or contractual relationships with the transferring or receiving facilities to participants as well as payers and employers
  – Disclose in / out of network status for patient transport

• **For Facilities Calling for Medical Transport**
  – Disclose to patients and payers any incentives / promises from transport companies
  – Prioritize call recommendations by medical necessity and financial impact to the patients

• **For Payers and Employers**
  – Communicate in-network transport companies to facilities
  – Accept any willing provider into network at network rates
  – Report total and average utilization, base rate, and mileage rate to transport companies, facilities and patients