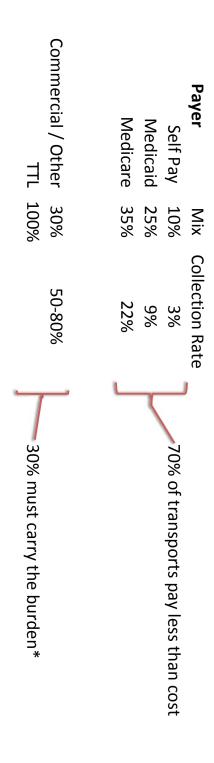
Emergency Helicopter Services Montana

Summary



- * Across the country, most private insurance pay 90-100% of billed charges. The patient pays only their coinsurance and deductables.
- * In Montana, major insurance companies often pay 30-40% of billed charges. The patient pays most of the charge, plus their coinsurance and deductables.

Emergency Helicopter Cost Components Fixed Costs

Staffing

Pilot Staffing (4) Mechanics (1-2) Flight Nurses (4) Flight Paramedics (4) **Physician Medical Direction**

Base Manager

Employee Benefits / insurance

Recruitment costs Payroll taxes Uniforms Helmets Pagers/radios

Aircraft Equipment (Depreciation)

Dedicated Helicopter Conversion to Air Ambulance **FAA Safety Enhancements EMS/Hospital Radios** Maintenance equipment Backup aircraft

ICU Medical Equipment

Heart Monitor/defib/pacing

Oxygen system Suction system Misc medical equip

Initial and Ongoing Training

Pilot Simulator Time Aircraft flight time **Medical Crew Training**

Insurance

Aircraft Liability Aircraft (hull) Replacement Medical Malpractice General umbrella

Total Annual Fixed Cost per Base \$ 3,000,000

Hanger/Crew Quarters

Hanger Rental Hanger Utilities Crew Quarters Rental Finish out and furnishing Telephone system **Quarters Utilities** Computers & Software Charting software Weather Software Misc. Office equipment

Misc.

Non-Revenue Flight time (cancellations, etc.) Aircraft parts / fluids to be in ready supply

Allocated Overhead

Admin Salaries, CEO, CFO, etc.

Chief Pilot

Chief Maintenance Support Staff Benefits for above **Rent & Utilities**

Computer & office equipment **Operational Control Center Communication Specialists** Billing & Collection staff Human Resources / Payroll

Legal Consultants Accounting Travel & Lodging

Dues, subscriptions, office suppllies, etc.

Accreditation (CAAMS)

Variable Costs Emergency Helicopter

Variable Costs per flight Hour

Fuel,
Parts reser
reserve/contract
ᡐ
800

Variable Costs per flight

Medical Supplies 150

For: Montana Air Ambulance Coalition (MAAC) Bill Bryant

Sierra Health Group

303-642-0396

Emergency Fixed Wing Additional Fixed Costs

Note: This is an estimate of the additional fixed costs of adding an emergency FW to an existing emergency RW base with the infrastructure and medical crew staffing already in place.

Replacement Cost of Fixed Wing Aircraft Example: Pilatus PC12	\$	4,000,000		
Depreciated annual cost 15yrs with 25% Residual			\$	200,000
Insurance (hull and liability) 2.5% of hull value			\$	100,000
Hanger/Crew Quarters (month/annual) (in addition to RW hanger)	\$	3,000	\$	36,000
IFR Pilot salaries (4) Annual IFR / NVG Pilot Training	\$ \$	90,000 20,000	\$ \$	360,000 80,000
Mechanic (1)	\$	70,000	\$	70,000
Benefits/taxes at 26%			\$	111,800
Misc. Equip, uniforms,			\$	10,000
	Tota	al Annual	\$	967,800

Emergency Air Ambulance Hospital-Based Provider Costs

Note: These are included as a reference only Both Benefis and St. Vincent's have testified to the Committee Both provide emergency RW and FW Services

Hospitals are required to submit annual cost reports to Medicare. Ambulance services are one of the reported line items.

This may include RW, FW, and/or ground ambulance services.

The following "Total Costs" were reported on Worksheet C Part I 2014 is the most current year available.

	2014
Benefis Ambulance Total Costs	\$ 7,184,211
St. Vincent Ambulance Total Costs	\$ 8,296,216

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Emergency Helicopter Cost/Price

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32.9 \$
82.1 \$
115.0 \$
98.6 \$
328.5 \$

Charges 1,314,000 3,285,000 4,599,000 3,942,000 **13,140,000** Gross Revenue

3% \$

Collections 39,420

6% \$

197,465

For: Montana Air Ambulance Coalition (MAAC) Bill Bryant Sierra Health Group 303-642-0396		Sub TTL Variable \$ 312,075 Total Annual Cost \$ 3,312,075	Annual Flight Hours 328.50 Medical Supplies per flight \$150.00 TTL Supply Cost \$49,275.00	Average Loaded Mileage 55 Average Hour/Flight 1.00	Volume Txpt per day 0.9 Annual TXPTS 328.5	Fixed Cost Annual \$ 3,000,000 Variable (wet) Cost/hr \$ 800
	Commercial / Other \$	MEdicare 50/50 rural/urban MT Base Rate \$ MT Loaded Mile TTL Per Flight \$			Medicaid Medicare Commercial / Other TTL	Average Total Cl
Total Annual Cost Margin % of Gross Revenue	32,000	4,370.94 28.46 5,936.24	1,635.55 13.98 2,404.45	Collection %	25% 35% 30% 100%	40,000 Flights

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5.79%

\$ %08

3,153,600

4,073,005 Net Revenue 31% Collection Rate **3,312,075** 760,930

15% \$

682,519

Emergency Helicopter Cost/Price

3,417,195	⋄	Total Annue ost Longer Average Flight
 417,195	÷	Sub TTL Variable
\$150.00 \$49,275.00		Medical Supplies per flight TTL Supply Lost
76 1.40 459.90		Average Loaded Mileage Average Hour/Flight Annual Flight Hours
0.9 328.5	0, 1	Volume Txpt per day Annual TXPTS
 800	❖	Variable (wet) Cost/hr
3,000,000	⋄	Fixed Cost Annual

For: Montana Air Ambulance Coalition (MAAC) Bill Bryant Sierra Health Group

303-642-0396

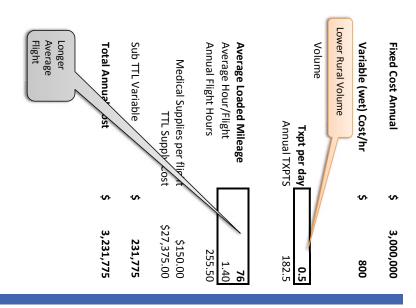
National Snapshot- Montana Adjustments

*Longer distances, lower Insurance Payments

	Lower Insurance Reimbursement	Commercial / Other \$	MT Base Rate \$ MT Loaded Mile TTL Per Flight \$	Montana Medicaid Base Rate \$ Loaded Mile \$ TTL Per Flight \$ Medicare 50/50 rural/urban	Collections Self Pay	Self Pay Medicaid Medicare Commercial / Other TTL	Average Total Charge \$ Payer Mix
% of Gross Revenue	Total Annual Cost Margin		4,370.94 28.46 6,533.90 16		Collection %		40,000 Flights
Ф	⋄⋄ ⋄	50% \$	16% \$	7% \$	3% \$	46.0 \$ 115.0 \$ 161.0 \$ 138.0 \$ 459.9 \$	
4.13%	4,176,523 Net Revenue 23% Collection Ra 3,417,195 759,328	2,759,400	1,051,729	310,206	Collections 55,188	1,839,600 4,599,000 6,438,600 5,518,800 18,396,000 Gross Revenue	Charges
	523 Net Revenue 23% Collection Rate 195 328					ss Revenue	

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Cost/Price



For: Montana Air Ambulance Coalition (MAAC)

Bill Bryant

Sierra Health Group

303-642-0396

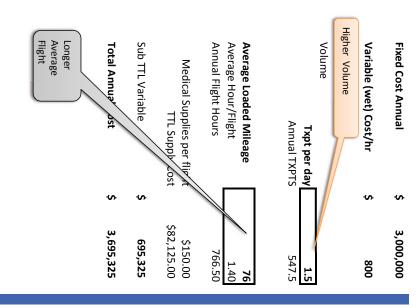
National Snapshot- Montana Adjustments

*Longer distances, lower Insurance Payments
**Demonstrates Impact of Lower Volume

ections 30,660 172,337 172,337 1,533,000 1,533,000 2,320,291 Net Revenue 2,320,292 Net Revenue 3,231,775 (911,484)	Collections 30,660 172,337 172,337 284,294 1,533,000 2,320,291 23% 3,231,775 (911,484)	v v v v v v v	Collection % 3% \$ 7% \$ Total Annual Cost Margin Self-Grace Bourner Margin		Collections Self Pay Montana Medicaid Base Rate \$ Loaded Mile \$ TTL Per Flight \$ MT Base Rate \$ MT Loaded Mile TTL Per Flight \$ Commercial / Other \$ Lower Insurance Reimbursement
)0 Gros	3,066,000 10.220.000	∿ ↔	76.7 255.5	30% 100%	Commercial / Other TTL
8 8	3,577,000	· •	89.4	35%	Medicare
8 8	1,022,000 2,555,000	ሉ	25.6 63.9	10% 25%	Self Pay Medicaid
	Charges		Flights		Payer Mix
				40,000	Average Total Charge \$

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Cost/Price



National Snapshot- Montana Adjustments

*Longer distances, lower Insurance Payments
**Demonstrates Impact of High Volume

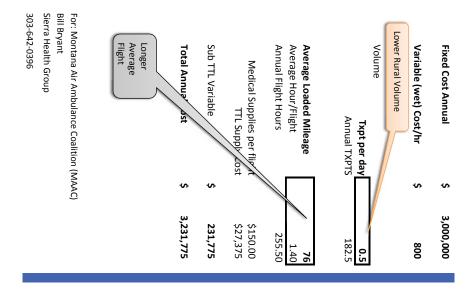
	Lower Insurance Reimbursement		Commercial / Other \$ 20,000	TTL Per Flight \$ 6,533.90	MT Loaded Mile 28.46	MT Base Rate \$ 4,370.94	Medicare 50/50 rural/urban	TTL Per Flight \$ 2,698.03	Loaded Mile \$ 13.98	Base Rate \$ 1,635.55	Montana Medicaid	Self Pay		Collections	TTL 100%	Commercial / Other 30%	Medicare 35%	Medicaid 25%	Self Pay 10%	Payer Mix	Average Total Charge \$ 40,000
% of Gross Revenue	Total Annual Cost \$ Margin \$	TTL Cash \$	50% \$	16% \$	0,			7% \$				3% \$	Collection %		766.5 \$		268.3		76.7 \$	Flights	
10.65%	23% Collection Rate 3,695,325 3,265,547	6,960,872 Net Revenue	4,599,000	1,752,882				517,010				91,980	Collections		30,660,000 Gross Revenue	9,198,000	10,731,000	7,665,000	3,066,000	Charges	

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303-642-0396 Sierra Health Group Bill Bryant

For: Montana Air Ambulance Coalition (MAAC)

Cost/Price

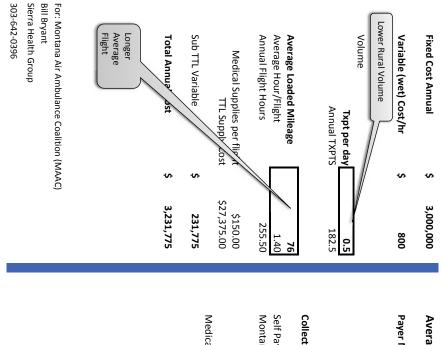


National Snapshot- Montana Adjustments

- *Longer distances, lower Insurance Payments
 **Demonstrates Impact of Lower Volume

Lowers Balance Bills		Solution #1 Require Higher Reimbursement		Commercial / Other \$	TTL Per Flight \$	MT Loaded Mile	MT Base Rate \$	Medicare 50/50 rural/urban	TTL Per Flight \$	Loaded Mile \$	Base Rate \$	Montana Medicaid	Self Pay		Collections	耳	Commercial / Other	Medicare	Medicaid	Self Pay	Payer Mix	Average Total Charge \$
	% of Gross Revenue	Total Annual Cost Margin	TTL Cash	32,000	6,533.90	28.46	4,370.94		2,698.03	13.98	1,635.55			Collection %		100%	30%	35%	25%	10%	Flights	40,000
	enue/	ost \$	⋄	80% \$	16% \$				7% \$				3% \$	%		255.5 \$	76.7 \$	89.4 \$	63.9 \$	25.6 \$		
Pag	0.08%	3,231,775 8,316	3,240,091 Net Revenue	2,452,800	584,294				172,337				30,660	Collections		10,220,000 Gros	3,066,000	3,577,000	2,555,000	1,022,000	Charges	
Page 10 of 11		e i o i vara	Revenue													Gross Revenue						

Cost/Price



Self Pay Medicare 50/50 rural/urban Montana Medicaid Collections **Demonstrates Impact of Lower Volume *Longer distances, lower Insurance Payments Payer Mix **Average Total Charge National Snapshot- Montana Adjustments** Commercial / Other Commercial / Other \$ MT Loaded Mile Higher charges lowers the collection rate TTL Per Flight \$ MT Base Rate \$ TTL Per Flight \$ Base Rate \$ Loaded Mile \$ Medicare Medicaid Self Pay s 31,500.00 28.46 6,533.90 1,635.55 13.98 2,698.03 4,370.94 70,000 100% 30% 10% 25% 35% Margin **Total Annual Cost** TL Cash Collection % Flights 255.5 \$ 25.6 \$ 63.9 \$ 89.4 \$ 76.7 \$ **45**% \$ 3% \$ 9% \$ 4% \$ s \$ **\$** Collections Charges 1,788,500 4,471,250 17,885,000 Gross Revenue Increases rates to other Insurance Co's Increases Balance Billing 3,231,775 **3,224,761** Net Revenue 2,414,475 6,259,750 5,365,500 584,294 172,337 53,655 (7,014)18% Collection Rate Solution #2 Increase Prices

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% of Gross Revenue

-0.04%