

STATE OF MONTANA  
DEPARTMENT OF ADMINISTRATION



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## AIR AMBULANCE

In the last 24 months, a growing number of air transport providers have entered Montana, developing relationships with Montana acute care and critical access hospitals. With more competition, the rates have increased, which is counter to economic theory! The result is increased financial pressure on Montana employers who continue to provide insurance coverage to employees and their families, as well as pressure on the plan members, who may be balanced billed large amounts for air transport services. Billed charges do not follow any pattern. Base rates and unit mileage charges vary from vendor to vendor and from trip to trip. We have seen costs range from 420% to 950% of Medicare reimbursements, with the majority of transports above 600% of Medicare. This equates to a higher rate than chartering a Boeing 747. According to a national study of operating costs, a reasonable reimbursement would be approximately 165% of Medicare for rotary wing flights and 150% of Medicare for fixed wing flights.

## STATE OF MONTANA BENEFIT

Air ambulance service is covered by the State Plan:

- Emergency and Urgent Care Service: In an emergency, the plan provides the in-network benefit to both in-network and out-of-network providers.
- Non-Emergency Service:
  - In-Network Ambulance Service. Plan pays in-network benefit, less 25% member coinsurance and applicable deductible; member not balance billed.
  - Out-of-Network Ambulance Service. Plan pays in-network benefit, less 35% member coinsurance and applicable deductible; member can be balance billed. Historically, if a member was balance billed, the out-of-network company was willing to negotiate with the member. However, this practice has changed. The companies are refusing to cooperate, and members are told they will be “sent to collections”.

In 2014, SOM processed 87 claims: 47 were In-Network and 40 were Out-of-Network. Most of the SOM cases have not been emergencies, and the patient was stabilized but being moved to another facility (and at times to a lower level of care facility).

The facility makes the travel arrangements for the patient. We have supplied materials to guide them to the in-network choice. However, we find that the facility staff may not understand the OON impact; they may have developed a habit of calling a specific transport vendor; or the facility may be tied through ownership to an OON vendor and directed to utilize their services.

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February 3, 2016

On July 6, 2015, Health Care and Benefits Division, Department of Administration, submitted the attached document to the Economic Affairs Interim Committee, regarding Air Ambulance. The last sentence in the first paragraph is clarified as follows:

***Original submission:***

According to a national study of operating costs, a reasonable reimbursement would be approximately 165% of Medicare for rotary wing flights and 150% of Medicare for fixed wing flights.

***Revised Submission:***

According to an independent analysis of operating costs performed by Sentinel Air Medical Alliance, a reasonable reimbursement would be approximately 165% of Medicare for rotary wing flights and 150% of Medicare for fixed wing flights.