

**TESTIMONY OF ALFRED DELLA VALLE
BEFORE THE APPROPRIATIONS COMMITTEE
HB6846, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET
RECOMMENDATIONS FOR HUMAN SERVICES PROGRAMS**

February 27, 2015

Good Afternoon. My name is Alfred Della Valle. I am the Vice President for Government Relations at American Medical Response, Inc. ("AMR"). AMR is the nation's largest provider of emergency medical services. On behalf of AMR, I would like to thank you for the opportunity to express my opposition to Section 17 of HB6846, An Act Implementing the Governor's Budget Recommendations For Human Services Programs.

Once again I am compelled to testify in an effort to ward off any cuts in the provision of emergency and non emergency ambulance services relative to our state budget cuts. As we are already providing these services to Department of Social Service recipients well under cost, any further cuts will certainly affect the level of service and the number of ambulances available to the general public.

AMR, as you know, is the largest ambulance provider in the state of Connecticut and currently serves the major municipalities which include the highest numbers of Medicaid eligible residents. For us to take a reduction in reimbursement for providing such services will be devastating.

Such revenue loses cannot be made up by other payers especially given the uncertainty of maintaining Medicare rates as the Federal Government is pushing healthcare reform and continued debate may result in the loss of Medicare reimbursement through the Medicare Fee Schedule and negative productivity adjustments.

While we realize the significance of the budget deficit, we would respectfully suggest that **such cuts would jeopardize public safety and the health and welfare of those we serve.**

The specific issue in question involved the administration's proposal to eliminate the "cross-over payment" by Medicaid by the State where a patient is covered by both Medicare and Medicaid. Generally, under the Medicare program, Medicare will pay eighty percent (80%) of the ambulance transportation cost and requires the secondary insurer – in this case Medicaid – to pay twenty percent (20%) of the cost. It is essentially a co-pay. The state eliminated "cross-over payments" to a number of providers years ago but exempted ambulance services due to the fact that unlike other providers, ambulance services have a statutory obligation to respond to all 911 calls in the communities they service without regard to the patient's ability to pay. Ambulance services that are the primary service providers in their respective communities have an obligation to maintain personnel vehicles, equipment and dispatch operations on a 24/7 basis. Unlike physicians and other health care providers, ambulance services do not have the option to pre-screen patients regarding the patients insurance coverage or ability to pay for services. Moreover,

nearly thirty-five percent (35%) of all emergency activations do not end in a transport and, accordingly the ambulance service receives no reimbursement.

In addition, Medicaid reimbursement for ambulance services have already been slashed beyond other health care providers. The following is offered as an illustration as to the disproportionate burden placed upon ambulance services:

Medicaid reimbursement compared to Medicare reimbursement

- CT Medicaid rates are approximately 46% of Medicare rates for ambulance services

In Contrast

- CT Medicaid rates were 87% of Medicare rates for physician services.*
- CT Medicaid rates were 71% of Medicare rates for primary care physicians.*

Medicaid reimbursement compared to cost of service

- Medicaid reimburses on average 50% of cost for ambulance service for Medicaid patient.

In Contrast

- Medicaid reimburses 71% of the cost for treating Medicaid patients in Connecticut hospitals. **

Moreover, during the past four (4) years, the ambulance service industry has seen significant reductions in reimbursements while the cost to provide these services has increased significantly.

- Medicaid reimbursement for ambulance transportation has been cut by 10% in July, 2011 and 10 % in January, 2013.
- Medicare reimbursement for ambulance services was cut 2% effective March, 2013 (sequestration) for all transports and an additional 10% in October, 2013 on Dialysis ambulance transports.

The overwhelming majority of states – 41 out of 50 – have recognized the unique position of ambulance services and permit “cross-over” payments. These states include California, Texas and New York.

The ambulance services have worked cooperatively with the State to create an extremely effective and cost effective EMS system that is available on a 24/7 basis with no gaps in coverage. For years, ambulance services have subsidized the State on Medicaid calls. However, as Medicare and private insurers have reduced their reimbursements and the number of unreimbursed calls increase, ambulance providers can no longer afford to subsidize the State, let alone incur a major reduction in their State reimbursements as the result of the elimination of the “cross-over payment.”

Let me be perfectly clear, **the State's proposal is short sided, ill-conceived and will disrupt the quality of EMS service in Connecticut. The delivery of EMS services is not an area that the State should undermine. There are too many lives at stake.** I strongly urge you to reject the deletion of "cross-over payment" to ambulance providers or any other reduction in Medicaid payments to ambulance providers.

Thank you for this opportunity to comment.

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ⁱ * Based upon an analysis published by the Henry J. Kaiser Family Foundation based on 2012 rates for all physician services. (Prior to the ACA Increases for PCP's.)

**According to Information on the CHA website