



**Emergency Air Medical Services**

# The “Why” of Emergency Air Medical Transport Services

**82**  
**MILLION**



Number of Americans that can access a Level I or II trauma center within **60 minutes ONLY** if they are flown by helicopter.



**30%**

U.S. population relies on air medical transport for access to tertiary care, trauma, cardiac, stroke, burn, and neonate centers within the “golden hour.”



**25%**

Reduction in deaths for severely injured patients who receive care at a Level I trauma center rather than at a non-trauma center.



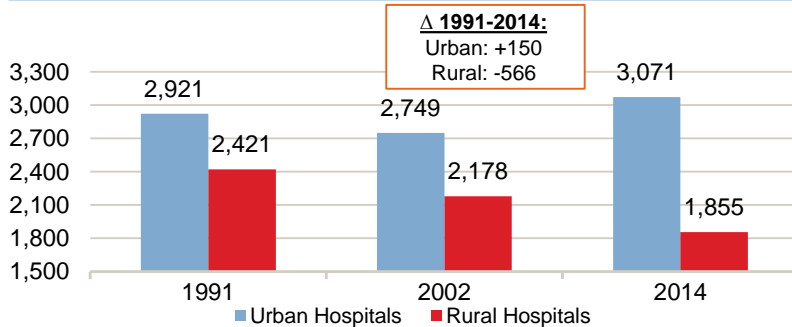
- Our services are only requested by:
  - first responders who are called to a scene through 9-1-1 dispatch (ground ambulance, firefighters and the like);
  - physicians who need to quickly transport a patient to a higher-level of care. Emergency air medical transport providers do not self dispatch.
- 90% of our patients are being transported because they have suffered serious cardiac, stroke or other traumatic events
- Helicopters are deployed without regard to a patient’s ability to pay.
- Since 1991, there has been a 22% decrease in rural hospitals. Continued hospital consolidation and rural closures necessitate emergency air medical transportation services.

# Key Trends Driving Need for Air Medical Services

Trends in hospital and emergency care accessibility and demographics drive an increasing need for air medical services

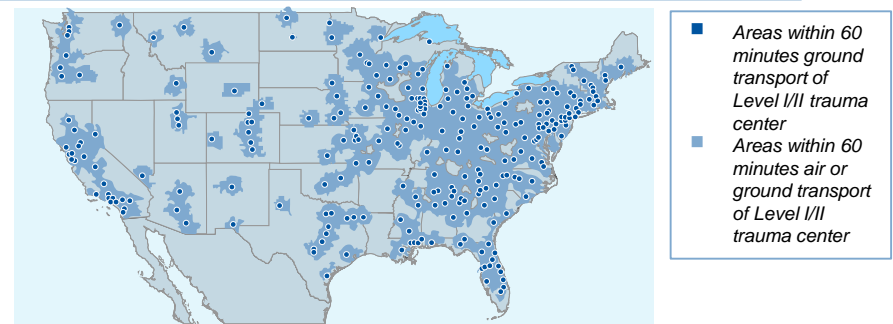
## Hospitals by Location Type

- Decreasing # of rural hospitals increases demand for emergency air transport to urban trauma centers



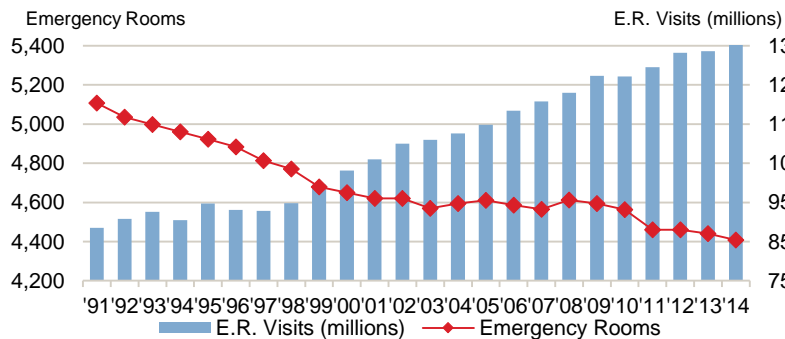
## Trauma Centers

- 450 Level I & II trauma centers are located in population centers away from rural areas



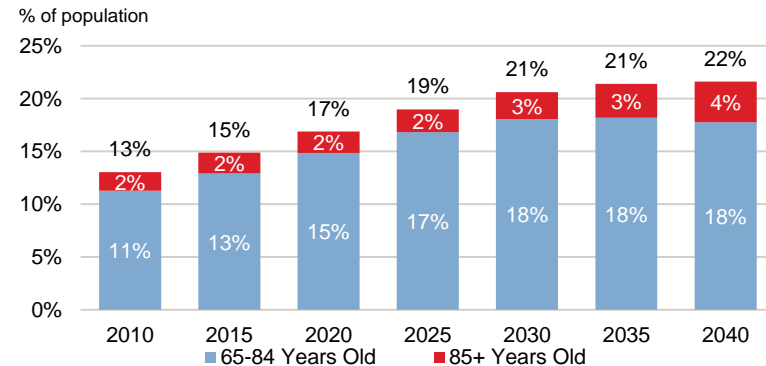
## Emergency Rooms vs. Visits

- # of Emergency Rooms in the U.S. is decreasing, raising demand for air "transfer" of trauma patients



## U.S. Population by Age Cohort

- Aging of the U.S. population likely to drive increased emergency health events; 33% of Industry transport patients are over 65



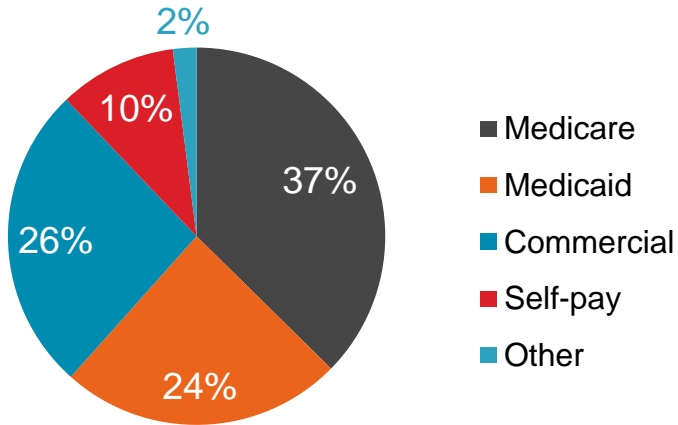
Source: American Hospital Association, Wall Street Research, ADAMS Atlas of Air Medical Services, U.S. Census Bureau.

# Results: Margin and Medicare Payment Adequacy

Based on reported revenue, Medicare covers **59%** of reported transport costs

**One-third** of participants report a negative margin

Study Sample Payer Mix of Emergent Transports



Median Cost Compared to Median Revenue per Transport<sup>a</sup>

	Reported Median Revenue per Transport (Fiscal Year 2015)	Reported Median Cost per Transport	Percentage of Costs Covered <sup>b</sup>
Medicare	\$5,998	\$10,199	59%
Medicaid	\$3,463	\$10,199	34%
Self-pay (uninsured)	\$354	\$10,199	3%
Commercial	\$23,518	\$10,199	231%

<sup>a</sup> Includes independent air medical programs in the study sample only.

# AIR MEDICAL MEDICAID REIMBURSEMENT BY STATE

State	Lift Rate	Mileage
Rhode Island	\$0.00	\$0.00
Pennsylvania	\$200.00	\$2.00
Utah	\$202.38	\$5.40
Iowa	\$250.35	\$9.37
Alabama	\$262.50	\$6.50
North Carolina	\$426.89	\$11.37
Kansas	\$800.00	\$9.00
Washington	\$804.45	\$13.31
West Virginia	\$940.00	\$25.00
Nebraska	\$954.00	\$22.26
Florida	\$1,000.00	\$4.00
Arizona	\$1,086.54	\$19.55
Michigan	\$1,204.85	\$14.33
South Dakota	\$1,270.55	\$10.33
New Hampshire	\$1,300.00	\$0.00
Virginia	\$1,307.29	\$8.60
Illinois	\$1,371.93	\$0.00
Tennessee	\$1,436.83	\$9.95
Vermont	\$1,462.91	\$14.02
Missouri	\$1,474.33	\$2.50
Maryland	\$1,500.00	\$20.00
Montana	\$1,603.48	\$13.44
Colorado	\$1,737.15	\$0.00
Ohio	\$1,746.40	\$1.48
California	\$1,800.00	\$22.10
Nevada	\$1,918.57	\$18.07

State	Lift Rate	Mileage
New Mexico	\$2,025.70	\$10.63
Delaware	\$2,077.30	\$12.98
Mississippi	\$2,248.77	\$15.70
South Carolina	\$2,300.00	\$0.00
Arkansas	\$2,462.25	\$17.43
Louisiana	\$2,589.01	\$18.09
Wisconsin	\$2,621.38	\$17.69
New Jersey	\$2,676.55	\$16.40
Maine	\$2,811.00	\$25.45
Hawaii	\$2,880.00	\$0.00
Idaho	\$2,939.34	\$20.19
Georgia	\$3,000.00	\$0.00
Oregon	\$3,011.50	\$0.00
Connecticut	\$3,070.00	\$55.00
Indiana	\$3,172.27	\$21.53
Alaska	\$3,304.74	\$30.75
Oklahoma	\$3,352.37	\$23.39
Texas	\$3,363.35	\$21.88
Wyoming	\$3,427.39	\$24.23
District of Columbia	\$3,454.60	\$19.96
Minnesota	\$3,493.26	\$22.68
Kentucky	\$3,500.00	\$0.00
North Dakota	\$3,709.62	\$26.19
Massachusetts	\$3,775.00	\$0.00
New York	\$5,017.74	\$33.65

# The Helicopter Air Ambulance Rule: 3 Cost Drivers

<b>Operational Control Centers (OCC)</b> (§ 135.619) <u>Effective Date: 04/26/2016</u>	<b>Helicopter Terrain Awareness Systems (HTAWS)</b> (§ 135.605) <u>Effective Date: 04/24/2017</u>	<b>Flight Data Management Systems (FDMS)</b> (§ 135.607) <u>Effective Date: 04/23/2018</u>
<p>OCCs are facilities staffed by Operational Control Specialists 24/7 to provide flight risk oversight and pilot support. OCS function is to ensure aircraft, pilot, and flight environment are within acceptable risk levels before each flight. HAA is the only helicopter operation required to establish OCCs; only Part 121 Dispatch Centers are comparable.</p> <p>FAA Est. Cost of Implementation: \$76,933,940 (10 years)</p>	<p>HTAWS are devices on the aircraft that provide audible and visual warnings when an aircraft comes too close to the ground or an obstruction based on the velocity vector of the aircraft. Due to the comparatively low altitudes at which HAAs fly, TAWS specific to helicopters must meet a more robust standard of terrain and obstacle identification. HAA are the only helicopters required to have HTAWS on board.</p> <p>FAA Est. Cost of Implementation: \$53,621,035 (10 Years)</p>	<p>FDMS is a device on board the aircraft that records flight performance data, including aircraft location and performance. HAA helicopters are the only helicopters required to equip with FDMS; FDMS for helicopters must be far smaller and lighter than those used on commercial fixed-wing aircraft, and therefore must be specifically designed for helicopter use.</p> <p>FAA Est. Cost of Implementation: \$20,386,885 (10 years)</p>
<p><b>TOTAL Cost of just these 3 Regulations: \$150,941,860 (10 Years)</b></p>		
<p><b>TOTAL FAA estimated cost of the HAA Rule to air carriers: \$285.7 million (10 Years)</b></p>		

1. Source: Federal Aviation Administration - Regulatory Evaluation, Air Ambulance and Commercial Helicopter Operations, Part 91 Helicopter Operations, and Part 135 Aircraft Operations; Safety Initiatives and Miscellaneous Amendments FINAL RULE (14 CFR PARTS 91, 120, AND 135), Jose Castedo, Office of Aviation Policy and Plans, Operations Regulatory Analysis Branch, APO-310, January 31, 2014

# Support Medicare Reform; H.R. 3378

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## 3 Key Components

- Cost Data Collection, Analysis, and Rebasing
- Quality Data Collection and Value Based Purchasing (VBP)
- Short-Term Medicare Increase (only for those reporting)

## Solves for Patients

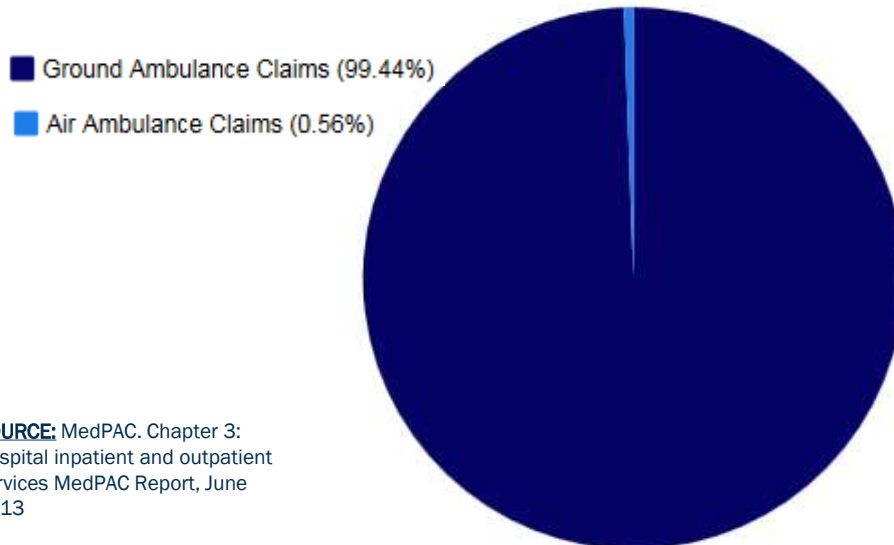
- Transparency: Cost and quality reporting measures will provide transparency
- Efficiency: Increased transparency on costs and quality will drive a more efficient system
- Quality: Value based purchasing program rewards high performing air medical transport services and incentivizes increased quality
- Access: Most importantly, the bill helps ensure that the largest single payer of air medical transports - Medicare - funds those transports at or near the cost of that service. This provides for the stability of existing services and the access they provide to healthcare.

## Preserves Access

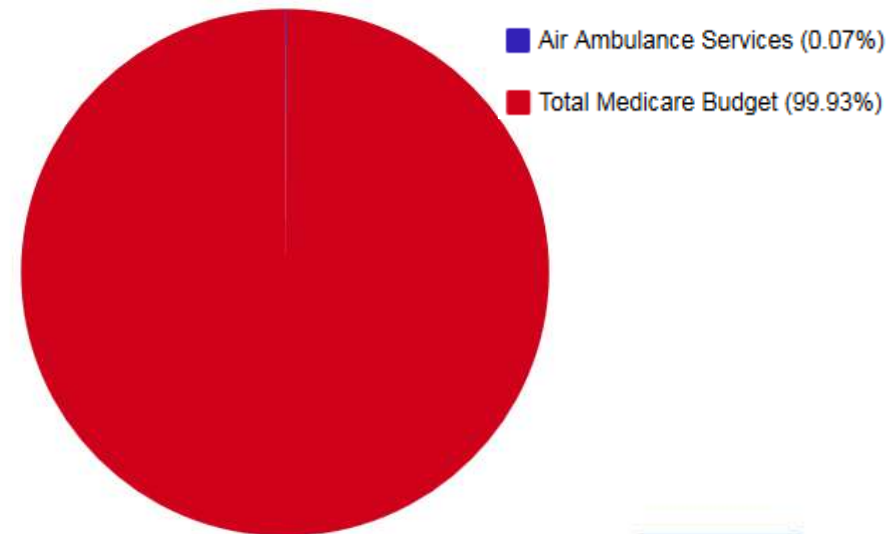
# Medicare Spending on Air Ambulance

- Air medical is a **rare service**, used by the **most severely ill and most severely injured patients**
  - Medicare covers air medical services for **emergent cases only**
- In 2010, air medical transports were **only 0.56%** of all Medicare ambulance claims
- Air medical services represent a small fraction of the Medicare budget: **only 0.07%**

## Medicare Ambulance Claims, 2011



## Air Ambulance as a Percentage of the Medicare Budget, 2011





# Additional Solutions

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## “Montana Solution”

- Requires that Providers and Insurers Negotiate the Payment
- Takes the Patient Out of the Middle-  
No Balance Billing
- If no agreement can be Reached,  
Provider and Insurer go to Court

## Solves for Patients

**“Mississippi: Airlifting her husband to the hospital, where he died, resulted in a bill for \$58,142. Insurance covered \$7,192, leaving her with a balance of \$50,950.”**

**-Betsy Imholz, Special Projects Director,  
Consumers Union**

**(NCOIL Summer Meeting- July 16, 2016)**

**WHY DID THE INSURER PAY  
ONLY 14% OF CHARGES?**