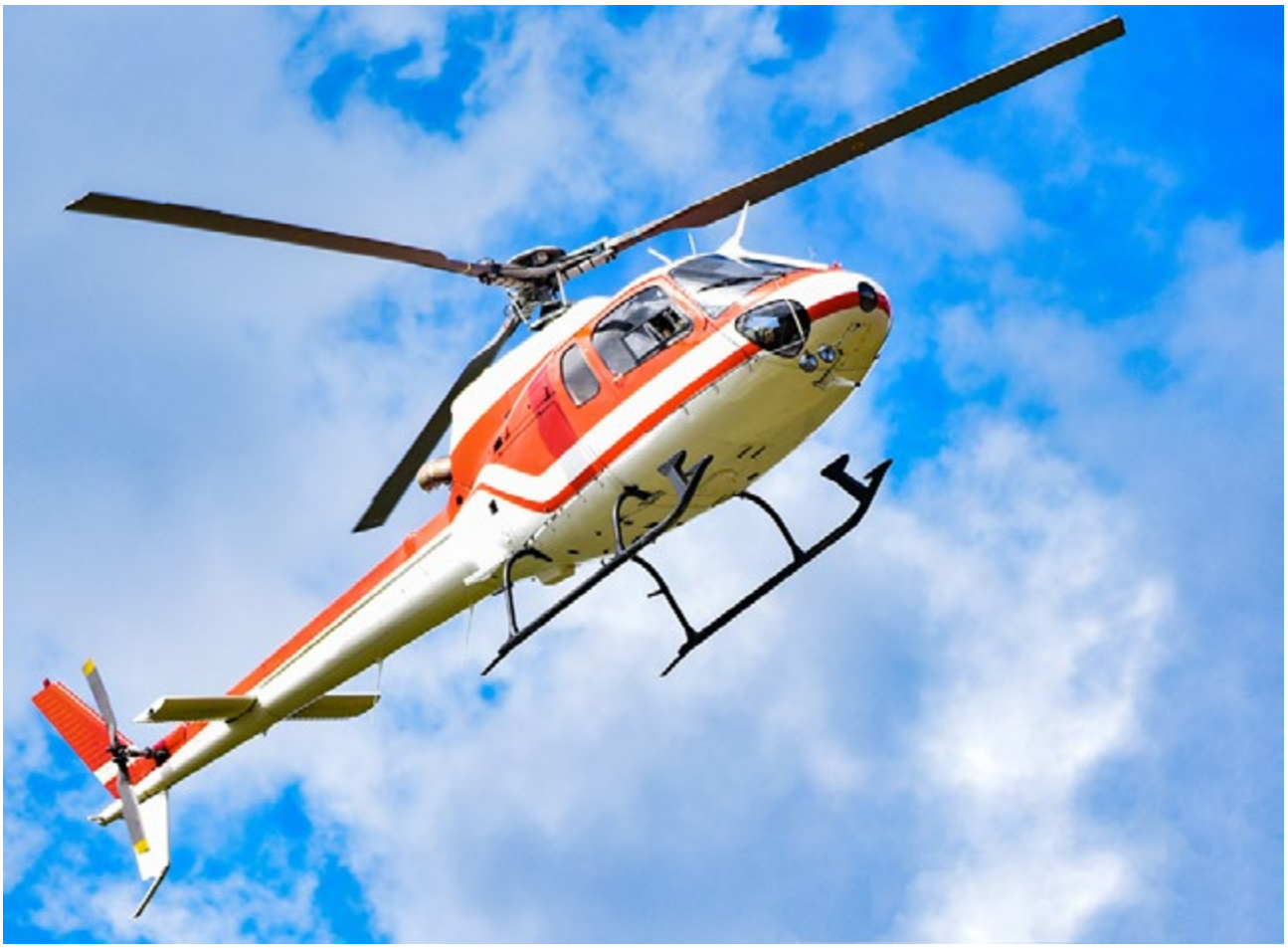

WHY SELF-INSURED EMPLOYERS NEED TO NEGOTIATE AIR AMBULANCE RATES

Written by Randy King

The term “air ambulance” refers to both helicopters and fixed-wing aircraft that are specially equipped to safely transport patients from accident scenes and small hospitals to large hospitals (usually Level One trauma centers in big cities).

It is clear that air ambulance companies have helped save lives during the COVID-19 pandemic. The most striking example is the air ambulance plane that flew an American COVID-19 patient in Peru to a large hospital near his home in Colorado.

Air ambulance services are regulated not by healthcare agencies but by the Federal Aviation Administration as authorized by the Airline Deregulation Act of 1978. This law prohibits states from limiting aviation rates, routes and service terms. There are two parts to most air ambulance bills: the lift-off fee and a per-mile charge.

Roughly 75 percent of air ambulance flights involve Medicare and Medicaid patients – and reimbursement is usually capped at around $6,500. Air ambulance providers have indicated that this reimbursement amount is too low, given the high cost of maintaining 24/7 readiness and having to provide service for the 85 million Americans who live more than an hour from a Level 1 or Level 2 trauma center.

To offset the limited revenue from Medicare/Medicaid, most air ambulance companies prefer to remain out of network on private insurance and self-insured plans. According to a recent Government Accounting Office (GAO) report[1], nearly 70 percent of air ambulance services are out of network for privately insured patients – while about half of ground ambulance providers are out of network. The GAO study found that privately insured and self-insured companies pay an out-of-network median price of about $36,400 for helicopter transport and $40,600 for fixed-wing transport.

In many cases, privately insured and self-insured companies pay an amount less than billed charges due to benefit limitations. The air ambulance companies are then able to balance-bill patients for the difference, which can be significant.

Some self-insured employers eventually make exceptions to pay the entire amount on behalf of their employee. This approach is a band-aid that does not benefit the employer in the long term.

THE PROBLEM OF RURAL HOSPITAL CLOSURES

More than 25 percent of Americans live in rural areas where ground ambulance transport to a hospital is not timely enough to save lives. But since 1990, nearly one-fourth of rural hospitals have closed. And over the last decade, they have closed at the rate of one per month. This drives transport time and costs significantly higher for air ambulance providers.

Many rural patients are either on Medicare or Medicaid, which often covers a small percentage of the cost of air transport. For example, Pennsylvania and Utah reimburse just $200 for each air transport of a Medicaid patient. This is forcing many air ambulance companies to close bases and halt service, especially in rural areas.

Save Our Air Medical Resources (SOAR) is an alliance of air ambulance companies and rural healthcare providers that is calling attention to these issues.[2] This group insists that private insurers often designate air transport as "not medically necessary" (despite the fact that an air ambulance cannot take flight until a doctor or trained first responder authorizes it).

Groups like SOAR maintain that private insurers – not air ambulance companies – are the ones who resist negotiating in-network agreements. SOAR is advocating common-sense solutions, like having private insurers charge members a small annual fee to cover emergency air medical transport. One Montana study found that air ambulance coverage would add just $1.70 to each member's monthly premium. A similar study in Kentucky estimated that the increase could be as little as 92 cents per month.

THE TIME IS RIGHT FOR NEGOTIATION

The most important thing to remember when negotiating out-of-network air ambulance fees is to *not* dispute the billed charge amount. The key to reaching an equitable agreement is to rationally look for win/win scenarios that will benefit both parties.

Here are some negotiation tips for self-insured employers:

Reach out with courtesy – Tactfully explore the air ambulance company's willingness to reach an agreement or in-network participation.

Seek the counsel of experienced third-party negotiators – Crafting an air ambulance agreement takes expertise. Look for an advisor who has wide-ranging experience with both self-insured companies and air ambulance providers.

Set realistic expectations – Some Fortune 100 companies have been able to obtain significant percentage discounts from air ambulance providers, but that may not be possible for smaller companies.

Offer employees optional air ambulance coverage – This preempts any surprise billing and the premium increase is often very low.

Pre-negotiate the terms of non-emergency air transport – For example, if an employee receives medical care overseas and needs to return home, the cost of medical air transport should be carefully negotiated in advance.

LEGISLATIVE SOLUTIONS ON THE WAY

There is a bill in the U.S. Congress that aims to eliminate surprise billing in healthcare. H.R. 5826 is sponsored by House Ways and Means Committee chairman Rep. Richard Neal (D-Mass.) and is known as the Consumer Protections Against Surprise Medical Billing Act of 2020[3].

Due to the coronavirus legislative logjam, the bill probably will not come to a vote until later this year. But it already has bipartisan support in both the House and Senate, where Sen. Lamar Alexander (R-TN.) and Sen. Patty Murray (D-WA.) have previously sponsored similar legislation.

Here are some of the key provisions of the bill:

Protection from surprise medical bills for out-of-network services – All providers (not just air ambulance companies) would be prohibited from balance-billing patients.

New patient protections – If the law is enacted, all patients would receive an Advance Explanation of Benefits that describes which providers will deliver their treatment, the cost of services and provider network status.

Mediated dispute resolution process – In most cases, plans and providers will resolve payment issues without federal intervention. But if the requested payment amount is not satisfactory, a two-step process would be available to resolve disputes. There would be no minimum dollar threshold to bring disputes. The Secretary of Health and Human Services (HHS) would be permitted to batch similar claims for greater efficiency. Either party would be able to open a 30-day negotiation period. If there is no resolution in that timeframe, either party would be able to initiate the mediation process, administered by independent third parties without any affiliation to providers or payers.

During mediation, the parties would be allowed to present best and final offers. The mediator would consider the median contracted rate specific to the plan – and would examine what other providers in the region are charging.

Help for uninsured patients or those paying cash – The bill would require providers to share cost estimates with uninsured or cash patients prior to a procedure. If the final charge is significantly higher than the estimate, the final payment would be determined through mediation.

A joint statement from Rep. Neal and Rep. Kevin Brady (R-TX.) says that "We recognize that any solution to this [surprise billing] problem touches on every part of our nation's healthcare system. We want to minimize the burden on patients and keep the dispute resolution process neutral. Our priority throughout the painstaking process of crafting this legislation has been to get the policy right for patients, and we firmly believe that we have done that."

It should be noted that most air ambulance providers feel that a simpler legislative solution would be a bill that calls for complete price transparency so that private insurers, self-insured companies and the Centers for Medicare and Medicaid could clearly see the fixed costs involved in emergency air transport.

DO NOT VILLAINIZE AIR AMBULANCE PROVIDERS

It is important to remember that air ambulance providers save countless lives each year. And their revenues have been negatively impacted by the coronavirus crisis. For example, medical helicopter transports at University of Wisconsin Health were down 24 percent in March of this year compared to March 2019[4].

Many emergency medical services have deemed that transporting COVID-19 patients by ground is safer than by air. A ground ambulance can be specially outfitted with filtered air circulation – and can provide greater physical separation than what is usually available on a helicopter[5].

When we get to the other side of the coronavirus crisis, both air ambulance providers and self-insured employers have a lot to gain by negotiating more equitable out-of-network rates. No industry wants to be labeled as a price-gouger – and no self-insured company wants to pay exorbitant bills for medical air transport.

Now is the time to bring self-insured companies and air ambulance companies to the negotiation table. Whether it is by mutual agreement – or Congressional action – fairer medical air transport charges are on the horizon. ■

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