

# 2018 Ambulance Billing Evaluation Committee Report



**December 12, 2018**

***Final Report***

## Executive Summary

The Town of Brookline currently does not charge for ambulance services. While not unusual in years past, Brookline is now one of very few New Hampshire towns to not charge.

In 2018 the Selectboard chartered a committee to evaluate if the town should start billing for ambulance services.

The seven-member committee:

- Refined a model that had been created by members of the Ambulance Service to estimate potential costs and revenues from billing
- Conducted research with three ambulance billing firms
- Reviewed multiple future staffing models for the Ambulance Service
- Met with Ambulance Service personnel to gain their input on potential billing
- Held a Public Hearing to collect input from residents
- Met with Hollis Fire Chief Rick Towne to discuss his department's transition to billing for ambulance services
- Prepared this report

As a result of its work, the Committee unanimously recommends:

- **A March 2019 warrant article seeking a vote on whether residents want to bill for ambulance services, given it has been 18 years since the last vote, and including stipulations in the article that:**
  - **Billing would be done by a third party**
  - **All billing revenues would be placed in a separate fund for the sole future use of Ambulance Service purchases**
- If approved, the Ambulance Service will require an additional part-time position (up to 20 hours a week) to assist in administering billing
- If approved, the balance of 2019 would be used to develop an implementation plan for billing to start effective January 1, 2020
- If the warrant article is not passed, the Town should revisit the billing topic, if deemed appropriate, in five years.

**Following the completion of its research, analysis and meetings/public hearing, the committee voted 4-2 against billing at this time.**

## Background

On September 10, 2018 the Brookline Selectboard chartered the Ambulance Billing Evaluation Committee to evaluate the potential costs and benefits of billing for ambulance services. Specifically, the committee was charged with:

- Modeling the potential costs and benefits of billing as of January 1, 2020
- Discussing and validating assumptions with third-party billing services
- Recommending to the Selectboard if a warrant article should be put before voters in March 2019 that reverses the 1991 warrant article eliminating “all charges to users of the Brookline Ambulance Service”

The committee was comprised of seven members:

- Brendan Denehy (Chair) – Selectboard representative
- Shawn Jackson (Vice Chair) – Chief, Ambulance Service
- Tad Putney (Secretary) – Town Administrator
- Brian Rater – Finance committee representative
- Jim Deffely – Ambulance Service representative
- Tim McGettigan – Ambulance service representative
- Todd Christensen – “At large” resident

The committee held a total of five meetings:

- October 10, 2018
- October 30, 2018
- November 14, 2018 (with Ambulance Service personnel)
- November 26, 2018 (Public Hearing)
- December 4, 2018

The meeting agendas and minutes can be found on the town website at:

<http://www.brookline.nh.us/ambulance-billing-evaluation-committee>

The committee presented this report to the Selectboard on December 17, 2018, which concludes the committee’s work.

## History of Ambulance Billing in Brookline

At the **March 1987 town meeting** the issue of billing for ambulance services was raised in conjunction with the first hiring of paid attendants. Soon thereafter a six-member committee was formed to evaluate options. The committee recommended the town:

- Hire someone to administer the Ambulance Service (and fill other town duties)
- Hire a second person to serve as the primary attendant (and fill other town duties)
- Pay all ambulance volunteers a stipend of \$8.00 per call
- Bill users of the ambulance a set fee (\$60 per call and \$1.00 per mile for transports)

Based on 80 calls per year, it was estimated billing, after an allowance for uncollectibles, would yield approximately \$1,584 per year, according to the committee's report.

At the **March 1991 town meeting** a warrant article "to eliminate all charges to users of the Brookline Ambulance Service" was approved by a vote of 53 to 14.

At the **March 1999 town meeting** a warrant article was approved to form an Ambulance Charge Study Committee. The 10-member committee met a total of seven times and compiled a list of pros and cons for ambulance billing. The committee ended in a split vote of 6 to 3 opposing billing. The committee recommended that a warrant article be presented for residents to decide the question of ambulance billing.

At the **March 2000 town meeting** the following warrant article was considered:

"To see if the Town will vote to bill patients and insurance companies for Ambulance Service according to current Federal guidelines with the billing process to be provided by a contracted service company, and to establish an Ambulance Purchase Expendable Trust Fund for purchasing and equipping a new ambulance or to spend as needed for the Ambulance Service, and to appoint the Board of Selectmen and Ambulance Director as agents to expend from the fund, or take action relative thereto. (Not recommended by the selectmen and finance committee 5-0)."

The warrant article failed by a vote of 176 to 43.

No warrant articles have been put forth regarding ambulance billing since 2000.

The Brookline Ambulance Service currently responds to an average of about 400 calls per year for the past five years, resulting in an average of 300 transports annually.

## Billing Model – Two Scenarios

The committee refined a financial model for billing that had been created by members of the Ambulance Service (particular thanks is due to Francis Gavin).

Two different versions of the model are presented. Both include the estimated cost of a part-time administrative assistance (at 20 hours a week) to assist with billing:

- **Model #1:** uses assumptions that were vetted with three ambulance billing companies (ComStar, QuickMed Claims, and EMAX Medical Billing):
  - \$600 charge for a “Basic Life Support” and \$1,000 for “Advanced Life Support” transports. Only bill for transports.
  - Actual reimbursement rates for Medicare and Medicaid, which are lower than the above rates (BLS: \$364.98, ALS-1: \$433.41, ALS-2: \$627.30) and represent about 50% of transports
  - Fee paid to the billing company of 7% of revenues
  - 40% in uncollectibles
- **Model #1** projects annual income of about \$80,000 based on 2017 call data:

STANDARD RATES	Number	Price	Total	Potential Billable	Estimated Revenue	
					Medicare/Medicaid	Private ins./Others
<b>Income (2017 Data)</b>						
Mason BLS calls	19	\$600	\$ 11,400.00		\$ 3,467.31	\$ 4,674.00
Mason ALS Calls	38	\$1,000	\$ 38,000.00		\$ 8,234.79	\$ 15,580.00
Mason Loaded Miles	1168.5	\$10	\$ 11,685.00		\$ 4,154.02	\$ 5,842.50
Mason Service Fee			\$ 21,870.00			\$ 21,870.00
Total Revenue Mason (w/o service fee)				\$ 61,085.00		\$ 41,952.62
Mutual Aid BLS Calls	8	\$600	\$ 4,800.00		\$ 1,459.92	\$ 1,968.00
Mutual Aid ALS Calls	3	\$1,000	\$ 3,000.00		\$ 650.12	\$ 1,230.00
Mutual Aid Loaded Miles	143	\$10	\$ 1,430.00		\$ 508.37	\$ 586.30
Total Revenue Mutual Aid				\$ 9,230.00		\$ 6,402.70
Brookline BLS Calls	66	\$600	\$ 39,600.00		\$ 12,044.34	\$ 16,236.00
Brookline ALS Calls	133	\$1,000	\$133,000.00		\$ 28,821.77	\$ 54,530.00
Brookline Loaded Miles	2985	\$10	\$ 29,850.00		\$ 10,611.68	\$ 12,238.50
Total Revenue Brookline				\$ 202,450.00		\$ 134,482.28
Total Ambulance Revenue				\$ 272,765.00		\$ 182,837.60
<b>Expenses</b>						
	Not already in budget					
Wages						
Billing Assistant	20	\$15	\$ 300.00			
Wages per week			\$ 300.00			
52 weeks /year	52	\$300	\$ 15,600.00			\$ 15,600.00
						\$ -
Social Security Employer	6.20%		\$ 967.20			\$ 967.20
Medicare Employer	1.45%		\$ 226.20			\$ 226.20
NH Employment Security	1.70%		\$ 265.20			\$ 265.20
Workers Compensation						
Billing Company Fee % of Revenue	7%		\$ 19,093.55			\$ 12,798.63
Uncollectable percentage of Revenue	40%		\$ 109,106.00			\$ 73,135.04
Insurance company discount	18%					
Total Expenses			\$ 145,258.15			\$ 102,992.27
Ambulance Net Income			\$127,506.85			<b>\$ 79,845.33</b>

- **Model #2** follows the approach used by Hollis, whereby the town contracts with insurance companies (“accepts assignment”) for payment at the Medicare rates and, in return, has a much lower rate of uncollectibles (14% in the case of Hollis)
- **Model #2** projects annual income of about \$93,500 based on 2017 call data:

	Number	Price	Total	Potential Billable	Estimated Revenue		
					Medicare/ Medicaid	Private ins./ Others	
<b>MEDICARE RATES</b>							
<b>Income (2017 Data)</b>							
Mason BLS calls	19	\$365	\$ 6,934.62		\$ 3,467.31	\$ 3,467.31	
Mason ALS Calls	38	\$433	\$ 16,469.58		\$ 8,234.79	\$ 8,234.79	
Mason Loaded Miles	1168.5	\$7	\$ 8,308.04		\$ 4,154.02	\$ 4,154.02	
Mason Service Fee			\$ 21,870.00			\$ 21,870.00	
Total Revenue Mason (w/o service fee)				\$ 31,712.24			\$ 31,712.24
Mutual Aid BLS Calls	8	\$365	\$ 2,919.84		\$ 1,459.92	\$ 1,459.92	
Mutual Aid ALS Calls	3	\$433	\$ 1,300.23		\$ 650.12	\$ 650.12	
Mutual Aid Loaded Miles	143	\$7	\$ 1,016.73		\$ 508.37	\$ 508.37	
Total Revenue Mutual Aid				\$ 5,236.80			\$ 5,236.80
Brookline BLS Calls	66	\$365	\$ 24,088.68		\$ 12,044.34	\$ 12,044.34	
Brookline ALS Calls	133	\$433	\$ 57,643.53		\$ 28,821.77	\$ 28,821.77	
Brookline Loaded Miles	2985	\$7	\$ 21,223.35		\$ 10,611.68	\$ 10,611.68	
Total Revenue Brookline				\$ 102,955.56			\$ 102,955.56
Total Ambulance Revenue				\$ 139,904.60			\$ 139,904.60
<b>Expenses</b>							
	Not already in budget						
Wages							
Billing Assistant	20	\$15	\$ 300.00				
Wages per week			\$ 300.00				
52 weeks /year	52	\$300		\$ 15,600.00			\$ 15,600.00
							\$ -
Social Security Employer	6.20%			\$ 967.20			\$ 967.20
Medicare Employer	1.45%			\$ 226.20			\$ 226.20
NH Employment Security	1.70%			\$ 265.20			\$ 265.20
Workers Compensation							
Billing Company Fee % of Revenue	7%			\$ 9,793.32			\$ 9,793.32
Uncollectable percentage of Revenue	14%			\$ 19,586.64			\$ 19,586.64
Insurance company discount	0%						
Total Expenses				\$ 46,438.56			\$ 46,438.56
Ambulance Net Income				\$ 93,466.03			<b>\$ 93,466.03</b>

## Ambulance Personnel Perspective on Billing

In 2018 two surveys were conducted of ambulance personnel regarding potential billing: one in February and one in the fall:

### **Question #1: Should Brookline bill for ambulance services?**

<b>Answer</b>	<b>February 2018</b>	<b>Fall 2018</b>
"Yes"	15%	18%
"Probably"	20%	23%
"Not Sure/Insufficient Info"	25%	0%
"Probably Not"	15%	18%
"No"	25%	41%

### **Question #2: If Brookline DOES charge for services:**

<b>Answer</b>	<b>February 2018</b>	<b>Fall 2018</b>
"I will likely resign within the next year"	5%	6%
"I will continue to volunteer"	5%	19%
"I would prefer to be paid"	58%	37.5%
"I will continue to volunteer, but prefer to be paid"	32%	37.5%

The committee met on November 14<sup>th</sup> with seven members of the Ambulance Service to review the billing model, answer questions, and understand their views on potential billing. Consistent with the recent survey, opinions were split about billing. Some expressed an interest in pursuing billing given the potential revenue while others expressed concern that the added demands of billing could risk departures of attendants. One attendant who works for another ambulance service that bills said billing, through a third party, does not materially impact the time he spends on a call. It was also suggested that if we start billing, a fund should be established to dedicate all or some of the revenue for new ambulances and equipment.

## **Public Hearing**

On November 26<sup>th</sup> a Public Hearing was held to gain input on ambulance billing. Eight residents attended. The billing model was reviewed with attendees. The following opinions were voiced:

- Brookline seniors (over age 65) represent about 9% of the town population, but make up 38% of the Ambulance Service's requests for service so billing would disproportionately impact the town's seniors
- Ambulance Service is the smallest of the three emergency services departments and should not be asked to be the only one to charge for services; it would particularly hurt our seniors who already get limited services for their taxes
- If billing would have an annual tax savings of about \$44 for an average home, billing is not worth the added reporting, etc.
- Additional stress for seniors as a result of billing is not desired, but can't such bills be forgiven according to information provided by one of the billing companies
- If there are downsides to billing, why do almost all other NH towns do it

## **Guidance from Hollis Fire Chief**

On December 4<sup>th</sup>, Hollis Fire Chief Rick Towne met with the committee to provide background on Hollis's experience transitioning to billing for ambulance services. Highlights included:

- Hollis began billing in 1999
- There was initial resistance to the transition, especially from attendants, but concerns (e.g., departure of volunteers, decline in donations or residents not calling for ambulance) were not realized
- Hollis made the decision to not be aggressive in billing; do not use collections agency
- Always have used a third-party billing service (Comstar)
- All revenues are dedicated to a separate fund for new ambulances and related equipment
  - It took about six years of annual revenues for the department to become financially self-sufficient with the exception of some salaries
- It took about a year for attendants to get used to billing
- In the case of a patient's difficulty paying, they contact Chief Towne and he decides whether to waive the bill
- In 2017, Hollis did 337 billable transports (compared to 300 for Brookline/Mason)
- Hollis has contracted ambulance payment amounts ("accepted assignment") with all insurance companies except Blue Cross/Blue Shield



## **Guidance from Billing Companies**

Guidance was provided by EMAX, Comstar, and QuickMed Claims should the town pursue billing:

- Have a Collections Policy that reports to the credit bureaus
- Be cautious about a generous Exception Policy. If the town only collects 50% of bills, then the insurance companies may only pay based on the 50% the town typically collects
- Must “balance bill”; bill every patient for what is not paid for by Medicare and commercial insurance
- Have a town committee to review “hardship” requests; requires a Financial Hardship Policy and financial disclosure forms from the patient and a pre-set formula to be used for evaluating all requests
- Ambulance personnel must:
  - Document why it is a medical necessity for the patient to be transported by ambulance; if deemed not a necessity, we must still bill the patient, but it will not be paid by insurance
  - Patient signatures are required on three different documents (Consent to Treat, Authority to Bill for Services, HIPPA Privacy Notice)
  - Provide specific wording in reports, which demonstrate treatment is “medically necessary”; documentation training for ambulance personnel required

***The committee noted some of the above guidance ran counter to information provide by Chief Towne in Hollis; demonstrated the flexibility individual towns can have in their approach to billing***

## Findings

The committee's findings include the following:

- The town could expect to receive annual income of about \$80,000-\$95,000 from billing
- There are additional *financial* and *non-financial* costs that could include:
  - One-time costs for documentation training of all attendants:
    - CADS certification (Certified Ambulance Documentation Specialist) is a five-hour class paid to attendants at prevailing wage (about \$100 per attendant) plus a \$7,000 fee for the faculty (NOT inclusive of required travel costs for two instructors). **Total cost of about \$9,000 plus travel**
    - OR Webinar which does NOT provide the certification at \$129 per attendant plus prevailing wage for 2 hours (about \$40 per attendant). **Total cost of \$3,380**
  - One-time costs for HIPAA training for all attendants:
    - "HIPAA Complete" Compliance Package (\$500) plus four-hour class paid to attendants at prevailing wage (about \$80 per attendant). **Total cost of \$2,100**
  - One-time costs for specialized training for Chief and/or Full-time Paramedic:
    - CAPO (Certified Ambulance Privacy Officer) **\$1,200** each plus travel, lodging, and overtime/backfill costs
    - CACO (Certified Ambulance Compliance Officer) **\$1,200** each plus travel, lodging, and overtime/backfill costs
  - Additional time for attendants to document transports and obtain necessary signatures from patients (estimated at 15 minutes per transport); at \$20/hour **adds \$4,500 in estimated costs per year** (3 attendants per transport)
  - Potential loss of ambulance attendants who do not want to work in billing environment; if five (5) leave, staffing ambulance could become an issue and costs would rise to ensure needed staffing; erode projected revenue
  - Additional QA/QC time of roughly 30 minutes per transport report to ensure proper documentation prior to submitting bills
  - Time spent by a committee to review hardship applications; time to create committee policies and forms (if a committee is used)
  - Instituting billing may result in some residents either not calling for assistance, that they otherwise would, or driving themselves to the hospital in a potentially compromised condition
- "Balance billing" requires everyone receive a bill for what is not covered by an insurance company or Medicare

**Findings (Continued)**

- The projected annual tax savings as a result of billing, under the two different models, is estimated at:

<b>Assessed Home Value</b>	<b>Model #1</b>	<b>Model #2</b>
\$300,000	\$37	\$43
\$450,000	\$56	\$65

## **Recommendations**

As a result of its work, the Committee unanimously recommends:

- **A March 2019 warrant article seeking a vote on whether residents want to bill for ambulance services, given it has been 18 years since the last vote, and including stipulations in the article that:**
  - **Billing would be done by a third party**
  - **All billing revenues would be placed in a separate fund for the sole future use of Ambulance Service purchases**
- If approved, the Ambulance Service will require an additional part-time position (up to 20 hours a week) to assist in administering billing
- If approved, the balance of 2019 would be used to develop an implementation plan for billing to start effective January 1, 2020
- If the warrant article is not passed, the Town should revisit the billing topic, if deemed appropriate, in five years.

**Following the completion of its research, analysis and meetings/public hearing, the committee voted 4-2 against billing at this time.**