

# Update on EMS Fee



*Hampton*  
VIRGINIA

**Hampton City Council**

**February 22, 2017**

**EMS Fee-for-service**



# Program History

- ✦ Service Fees for Emergency Ambulance Transport Program (SFEATP) was approved by City Council on July 1, 2002, and was originally designed as a subscription program.
- ✦ SFEATP was modified by City Council in May 2005, based on “residency,” and automatically identified City residents utilizing ZIP codes.



# SFEATP Current Process

- ✦ After being transported, a claim is sent to the insurance provider of all patients.
- ✦ **Non-residents** receive a bill for co-pays and deductibles.
- ✦ **City residents** do not receive a bill for co-pays and deductibles; however, they may receive a letter asking for additional insurance.
- ✦ Uninsured residents receive a bill, along with a copy of the uninsured resident billing waiver.



# SFEATP Current Process

## ✦ Transport Fees (2012-present)

✦ BLS:	\$500.00
✦ ALS I:	\$600.00
✦ ALS II:	\$750.00
✦ Mileage:	\$11.00/transport mile
✦ Assessment Fee:	\$125.00



# CURRENT Example of Hampton Resident

## Resident with Anthem BC/BS (plan deductible already met)

<b>Transport:</b>	<b>\$750</b>
<b>Disallowable</b> (written off)	<del>\$250</del>
<b>Allowable</b> (max amount allowed under plan):	<b>\$500</b>

<b>Breakdown of Allowable</b>	<b>\$500</b>
<b>Insurance</b> (80% of allowable):	<b>\$400</b>
<b>Customer</b> (20% of allowable):	<b>Not Billed</b> <del>\$100</del>
<b>Due to City:</b>	<b>\$400</b>



# CURRENT Example of Hampton Resident

## Resident with High Deductible / Health Savings Plan

<b>Transport:</b>				<b>\$750</b>
<b>Disallowable</b> (written off)				<del>\$750</del>
<b>Allowable</b> (max amount allowed under plan):				<b>\$500</b>
<b>Breakdown of Allowable</b> (with \$2500-\$5000 deductible):				<b>\$500</b>
<b>Insurance</b>	0% until deductible met	<b>\$0</b>	80% after deductible met	<b>\$400</b>
<b>Customer</b>	100% until deductible met	<del>\$500</del>	20% after deductible met	<del>\$100</del>
<b>Due to City</b>	<b>\$500 (Not Billed)</b>			<b>\$400</b>

- Under the current process, if the patient is a Hampton resident, 100% of the customer's financial responsibility is written off.



# CURRENT Example of Hampton Resident

## Traditional vs. High Deductible Plan

Breakdown of Allowable:				\$500
	Traditional (NO deductible)		High Deductible (NOT met)	
<b>Insurance</b>	80% allowable	<b>\$400</b>	0% until deductible met	<b>\$0</b>
<b>Customer</b>	20% allowable	<del><b>\$100</b></del>	100% until deductible met	<del><b>\$100</b></del>
<b>City Receives</b>		<b>\$400</b>		<b>\$0</b>

- ✚ Under the current process, if the patient is a Hampton resident, and their deductible has not yet been met with previous medical services, the entire out-of-pocket expense would be written off.



# Recent Developments



- ✦ Increased numbers of companies and individuals selecting **high deductible** and/or health savings accounts.
- ✦ This trend **threatens long-term sustainability** of revenue to support fire & EMS services if the current write-off approach continues.





# Recent Developments

- ✦ More immediately, and more importantly, automatic mutual aid (AMA) **inconsistencies require a decision**
- ✦ Hampton recently began AMA with Newport News (NN)
- ✦ Ensures closest ambulance arrives on scene first
- ✦ When exploration of this process began, Hampton and NN had similar billing policies
- ✦ Since beginning AMA, we learned NN has changed, and now bills residents for deductibles and co-pays



# Recent Developments

## ✦ Different billing approaches is highly problematic

Hampton needs to decide whether to:

1. Conform to Newport News' practice, and the practice of several surrounding jurisdictions, of charging deductibles and co-pays to residents

**OR**

2. Cease automatic mutual aid due to incompatible billing practices



# How Does Co-Pay Billing Work

- ✦ Insurance carrier is billed for entire charge (**\$750**)
- ✦ Insurance carrier identifies allowable charge (**\$500**)
  - ✦ often this is less than the entire amount billed due to industry wide negotiated discounts
- ✦ Difference between allowable and entire charge is written off (**\$250**)
- ✦ If plan has deductible, insurance carrier identifies if it has been met with prior medical services, or if it has a remaining amount to be fulfilled prior to co-pay expenses.
- ✦ If deductible met, or if a no deductible plan, insurance carrier identifies the co-pay for the customer (**20% of allowable** or **\$100**), and pays the remainder (**80% of allowable** or **\$400**).



# How Does Co-Pay Billing Work

- ✦ Fire's billing agent would then send an invoice to the customer for the co-pay, and applicable portion of remaining plan deductible if not yet met
  - ✦ This is how the process works for **non-residents**
  - ✦ Currently, **resident** co-pays and deductibles are written off
- ✦ Only **change** would be to now bill the resident for the co-pay and applicable remaining deductible for the service, just as they would incur for other similar medical services covered under their plan



# PROPOSED Example of Hampton Resident

## Resident with Anthem BC/BS (plan deductible already met)

<b>Transport:</b>	<b>\$750</b>
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<b>Due to City</b>		<b>\$500</b>		<b>\$500</b>

- Under the proposed process, if the patient is a Hampton resident, and their deductible has not yet been met with previous medical services, the entire allowable expense would be out-of-pocket.



# PROPOSED Example of Hampton Resident

## Traditional vs. High Deductible Plan

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<b>City Receives</b>		<b>\$500</b>		<b>\$500</b>

- Under the proposed process, **regardless of** residency, insurance type, deductible, or co-pay, the city would bill, and seek to collect, the entire allowable amount from all customers using the service.



# Co-Pay Billing (Pros)

- ✦ Resolve incompatibility with NN and allow for automatic aid resulting in faster EMS response
- ✦ Offset potential downward revenue recovery due to evolving trend of high deductible plans
- ✦ More EMS revenue could speed up fire capital projects (such as station replacement) and add to fire staffing/compensation
- ✦ Because it is a user fee, additional revenue is derived only from users of the service – not a tax on all





## Co-Pay Billing (**Cons**)

- ✦ Departure from original intention of program
- ✦ Co-pay amounts vary depending on type of insurance
  - ✦ high deductible plan users will pay more until deductibles are met
  - ✦ this is a choice the consumer has consciously chosen when making health insurance decisions
- ✦ Self pay clients would be responsible for entire amount, unless they qualify for a hardship waiver

# Co-Pay Billing (Mitigation of Cons)



- Policy allows for 100% write-off in the case of low income individuals
- Could consider write-off for those who have no insurance at all, although most likely already qualify for the hardship waiver



# Summary

- ✦ Hardship waiver process still in effect for all customers
- ✦ Without this proposed change, the trend of customers choosing higher deductibles in lieu of higher premiums still may result in decreased revenue if these cases go to collections.
- ✦ Only those using the service would incur a fee
- ✦ No Code of Ordinance change required to implement

# Questions?

The Hampton Division of Fire and Rescue's mission is to provide excellent service which exceeds customer expectations.

