

Non-Emergency Rates June 2020

Lora Conger
Chief Financial Officer



“To serve our communities’ pre-hospital needs through value-driven, compassionate, and clinically superior care.”

Current State

	East	West
Current Rate	\$ 345	\$ 393
Avg Collection Rate	75%	75%
Net Amount	258.75	294.75
Amount paid to contractor	317.84	317.84
Loss per Transport	(59.09)	(23.09)

- Reimbursement rates from private payors are higher than EMSA's rates- *We Are Leaving Money on the Table*
- Currently losing money per transport after contractor is paid
- Significantly below fair market value based on study done in 2019
- OIG Requirements/Penalties



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OIG Requirements

- The term “fair market value” (FMV) is generally defined as the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. *International Glossary of Business Valuation Terms*
- 42 CFR § 411.351 (as set forth by the Centers for Medicare and Medicaid Services (CMS) with respect to physicians’ referrals to health care entities with which they have financial relationships). Furthermore, this definition is consistent with similar fair market value guidance related to the Anti-Kickback Statute (42 U.S.C. § 1320a-7b) and with the definition relied upon by the Internal Revenue Service.
- Fee’s below FMV may be seen as an inducement for referrals. As part of the principle of FMV, a willing seller of management services should receive a reasonable rate of return, which is consistent with generally accepted valuation methodologies and the definitions of FMV under Stark II and the Anti-Kickback Statute.
- The Anti-Kickback Statute (AKS) is a criminal law that prohibits the knowing and willful payment of "remuneration" to induce or reward patient referrals or the generation of business involving any item or service payable by the Federal health care programs (e.g., drugs, supplies, or health care services for Medicare or Medicaid patients).
- Kickbacks in health care can lead to:
 - Overutilization
 - Increased program costs
 - Corruption of medical decision making
 - Patient steering
 - Unfair competition
- The Anti-Kickback Statute is a criminal statute, but it provides both criminal and civil penalties for violations. The criminal penalties include fines of up to \$25,000- and five-years’ imprisonment. In addition, the Office of the Inspector General (“OIG”) for the Department of Health and Human Services (“HHS”) can pursue civil penalties of up to \$50,000 per violation plus three times the amount of any government overpayment.



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Proposed State

	East	West
Current Rate	\$ 900	\$ 900
Avg Collection Rate	37%	37%
Net Amount	333.00	333.00
Amount paid to contractor	317.84	317.84
Income per Transport	\$ 15.16	\$ 15.16

- *Changing the rate adds \$800K to the East and \$500K to the West over the course of a full year*
- *Median rate of other providers is \$1,124*
- *The average rate of other providers is \$943*
- *OIG Requirements/Penalties-Significant*



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Budget Scenarios

Rate Increased to \$900, December 1

Net Revenue with rate increase	6,918,955
Net Revenue without rate increase	<u>6,143,451</u>
Net impact of rate increase	775,504

Rate Increased to \$900, Half December 1 / Half June 1

Net Revenue with rate increase	6,659,739
Net Revenue without rate increase	<u>6,143,451</u>
Net impact of rate increase	516,287



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FY21 Proposed Budget June 2020

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EMSA FY21 Summary Budget

	Eastern Division	Western Division	FY21 Consolidated
Total Revenue	36,285,001	38,300,059	74,585,060
Expense			
Total Salary & Wages	1,766,169	1,913,349	3,679,518
Total Benefits	597,390	647,172	1,244,562
Total Professional & Contracted Services	28,190,647	29,546,199	57,736,846
Total Training & Development	58,599	63,483	122,082
Total Supplies	200,173	243,937	444,110
Total Repairs & Maintenance	709,433	779,933	1,489,366
Total Utilities	639,374	819,563	1,458,937
Total Rent	17,599	321,737	339,336
Total Insurance	121,415	118,617	240,032
Total Public Relations	48,701	52,759	101,460
Total Other Expenses	715,804	889,582	1,605,386
Total Expense	33,065,305	35,396,330	68,461,635
Total Non-Operating	2,623,400	1,148,600	3,772,000
Net Income	596,296	1,755,129	2,351,425

Line of Credit Renewal June 2020

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Line of Credit Renewal



\$2,000,000 LOC, has not been drawn on



Renewed annually, board authorization required



Lender is Prosperity



Current rate is 5.5%, with a floor of 5.25%



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