



June 21, 2013

TO: EMSA Board of Trustees

FR: Stephen Williamson  
President and Chief Executive Officer

RE: Recommendation to discontinue the \$350,000.00 payment  
for first response, Eastern Division

As we enter the next phase of health care reform, with Medicaid expansion and the creation of Health Exchanges, it is necessary to assure we maintain the financial health of the Trust. EMSA is not immune to the effects of the Affordable Care Act and, like others, will be challenged by its implementation. Soon 60 million people will be moving into the Medicaid system and it is expected to top out at 80 million. This will usher in several emerging issues in Medicaid:

- Delivery system issues and managed care for new populations
- Expansion of dual-eligible Medicaid and Medicare populations
- Innovations such as in-home paramedical care, innovation grants, etc.
- Financial sustainability issues and lack of political cooperation

Implications for EMSA:

- The increasing role of managed care and insurance contracts
- The cost of navigating new programs
- The uncertainty of coverage and payment
- Building relationships with new decision-makers in the health care arena at federal and state levels

Health insurance exchanges bring their own challenges:

- Health exchanges serve marketplaces where individuals and small employers can compare and purchase available private health insurance options
- Oklahoma is one of 27 states which has elected to have a federally facilitated exchange, this means Health and Human Services (HHS) will perform all exchange functions (but the state has elected to perform Medicaid and Children's Health Insurance Program (CHIP) eligibility determinations)
- Health plans offered through an exchange must be certified by the exchange as "qualified health plans" (QHPs) and must cover essential health benefits
- Federal subsidies are available through exchange premium subsidies, cost-sharing (deductible and copayment) subsidies, and a cap on total out-of-pocket costs
- Approximately nine million people will be enrolled in health insurance exchanges by 2014, and 25 million by 2022. Two-thirds of enrollees will likely be enrolled through federally facilitated exchanges or state partnership exchanges
- Resulting in challenges and uncertainty in billing and reimbursement

#### Additional Implications for EMSA:

- The Congressional Budget Office (CBO) issued a report on June 6, 2013, on dual-eligible beneficiaries, including assessment of demographics, service needs, Medicare and Medicaid spending, and the policy landscape surrounding duals
- The full-benefit dual population is largely elderly, female, and living in urban or suburban areas
- About 45 percent of duals are receiving long-term support and services (LTSS), which is significantly higher than both Medicare and Medicaid-only recipients
- Dual-eligible beneficiaries are five times more likely to use LTSS compared to non-dual Medicare beneficiaries and three times more likely to use LTSS as non-dual Medicaid beneficiaries

#### The resulting issues for EMSA:

- Dual-eligible beneficiaries have demonstrated they will need both emergency and non-emergency transportation from LTSS providers to other service providers (e.g., hospital, doctor's appointments, and laboratory)
- It will be very important to monitor and ensure comprehensive coverage and sufficient reimbursement of transportation services under new Centers for Medicare & Medicaid Services (CMS) and state contract health plan guidelines
- CMS has already started to implement major ambulance payment reforms. This industry will be changed from a supplier-based industry to a provider-based industry. Under the supplier-based fee-for-service, first response fees were not allowed when our fee-for-service payment was calculated. This resulting fee for reimbursement has been proven by the Government Accountability Office (GAO) to be inadequate as it is below cost by 2 to 6 percent.
- Under the new provider-based system, CMS will continue to disallow any first response costs in our cost reports, meaning that first response fees will continue as non-covered costs for the system.

#### Conclusion:

With the challenges discussed above that have taken or will take place this year, it is imperative not to use any revenue produced by the Trust for anything other than our core mission of pre-hospital transportation and our corresponding evolving medical practice.

Therefore, Staff requests that the Board consider discontinuing the \$350,000.00 annual contribution to the City of Tulsa for first response expenses.

*X John Williams*

#### Additional Resources

##### Kaiser family Foundation

- Affordable Care Act: <http://kff.org/health-reform/>
- Medicare: <http://kff.org/medicaid>



- Health Exchanges: <http://kff.org/tag/marketplaces/>

National Conference of State Legislatures

- <http://www.nashp.org/aca-implementation-state-health-reform-0>

Department of Health & Human Services (HHS)

- Exchanges:
  - <http://www.healthcare.gov/marketplace/about/index.html>
- Medicaid and ACA:
  - <http://www.medicaid.gov/AffordableCareAct/Affordable-Care-Act.html>