

Update: State tells medevac payment program to drop Alaska members

By Ed Schoenfeld, CoastAlaska News via KTOO

Posted on November 26, 2013 at 12:02 pm

The state has ordered a Seattle-based medevac insurance program to end coverage in Alaska. [Airlift Northwest's AirCare](#) program fills the gap between air ambulance charges and what health insurance pays.

Marty Hester of the Alaska Division of Insurance says it's changed the way it does business.

That means it has to follow a different set of rules.

"The exemption they were operating under was as a nonprofit. And with their corporate restructure, they were no longer deemed a nonprofit.

Therefore, the exemption no longer applied to them," Hester says.

The decision will not affect Airlift Northwest's ability to provide medical evacuation flights in the state.

It and other air ambulance services take seriously ill or injured patients to hospitals with levels of care not locally available.

Medevacs can cost \$100,000 or more, depending on the distance and route.

Airlift Northwest began more than 30 years ago as part of the University of Washington's medical system, which also includes hospitals and clinics.

It operated for a while as a separate nonprofit group.

But it moved back to the university a few years ago.

Executive Director Chris Martin says Airlift Northwest remains a nonprofit agency under Washington state rules.

So she's disappointed Alaska officials decided it isn't.

"We have a business license with the state of Alaska. We have our Juneau base in the state of Alaska.

Nothing has changed and this letter to us came out of the blue," she says.

Martin says the AirCare program has more than 1,600 Alaska members.

They've all been sent a letter saying coverage will end when their year-long memberships run out.

The program also will not enroll any new Alaska members.

The state insurance division's Hester says the issue is not at all related to the Affordable Care Act, also called Obamacare.

He says Airlift Northwest voluntarily complied with the order.

And he says it could change its Alaska program and resume business.

"If they decide to become compliant with Alaska insurance statutes, and offer an approved insurance product, then they would be able to offer the membership program," Hester says.

Airlift Northwest's Martin says it started the AirCare program to fill a need, not to make money.

So she says that's not going to happen.

"You know, we are part of the University of Washington and our mission is our medical transports, not insurance. Nor is the university's," Martin says.

Most of its Alaska business is in Southeast, but it also serves Anchorage and other parts of the state.

Its main competitor, Utah-based [GuardianFlight](#), does not have a similar membership program.

Fairbanks-based [Apollo Medi Trans](#) offers medevac insurance in Alaska.

The state shut it down for part of this year after it failed to renew its license.

State officials say it's not affected by this decision.

Medevac insurance plan shut

Chilkat Valley News, December 5, 2013

About 2,000 Southeast residents will lose their membership in a Seattle-based medevac program following a recent decision by the Alaska Division of Insurance to deny the program's nonprofit status.

Until late November, Airlift Northwest offered a \$99 AirCare membership for Alaska residents, which ensured those with insurance or Medicare would be off the hook for all costs associated with an Airlift Northwest medevac flight.

As many insurance providers, including Medicare, will not cover the full cost of medevac transport – which can climb as high as \$30,000 per flight – the AirCare membership would make sure customers incurred no out-of-pocket costs.

Chris Martin, executive director of Airlift Northwest, said she is "not happy" about the division's decision to discontinue the membership program. Martin said Airlift Northwest, which is a component of the University of Washington, retains nonprofit status in Washington state.

"We went under the university in 2008, and the state knew it because we renew our business license every year... We gave them everything that we could to convince them that we do meet this criteria," Martin said.

In a four-page letter Martin received from the division, health/life actuary Katie Campbell outlined the various reasons why the AirCare program offered by Airlift Northwest qualifies as insurance. Campbell concluded the program would therefore need to come into compliance with the various Alaska statutes dictating the requirements to sell insurance in the state.

"The division asks for Airlift Northwest's cooperation in agreeing to discontinue the sale of the current AirCare membership program... Airlift Northwest must non-renew all memberships at the end of the current coverage period... In the absence of an agreement, the division may consider taking formal administrative action to enforce compliance with the Alaska insurance code," Campbell wrote.

Though Airlift Northwest will no longer sell its AirCare memberships, it will still be providing medevac service to Haines and Southeast Alaska. Who pays for it, though, is now not Airlift Northwest's responsibility.

"What the membership did was we billed the insurance and you didn't have to pay any out-of-pocket expenses. It's totally separate than being flown," Martin said.

Airlift Northwest is still the preferred flight provider for ApolloMT, which offers a program similar to AirCare. Apollo's license was recently renewed by the division after it lapsed for several months. Martin said she is directing customers dissatisfied with the change to contact the division at 907-269-7900.

She also advises people worried about coverage to look into purchasing an Apollo membership, which runs about \$125 a year and provides similar financial coverage for medevac flights.

Even if those with medical emergencies don't have Apollo, though, Airlift Northwest will still serve them. "We will fly you no matter what. We fly people and then the billing is after the fact," she said.

Marty Hester, deputy director of the Division of Insurance, said the customer services section of the division has been receiving numerous phone calls from AirCare customers who are confused or upset about the division's decision.

Hester said Washington's statutes regarding exemptions for nonprofits are different from Alaska's.