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March 23, 2018

Senate Health & Social Services
Chair, Sen. David Wilson
State Capitol Building, Room 115
Juneau, Alaska 99811

RE: HB 176 – An Act relating to medical assistance reimbursement for emergency medical transportation services; and providing for an effective date.

Dear Senator Wilson,

Thank you for the opportunity to weigh in on this bill. The Alaska Municipal League is fully supportive of this bill.

This bill directs HESS to develop a program that would provide supplemental reimbursement from the federal government, followed by a pass-through to municipal (and non-profit and/or public) emergency medical transportation systems for the high cost of transporting individuals on medical assistance. The State would retain administrative expenses upon reimbursement from the federal government.

Each municipality (service provider of such) has set rates for EMS calls. Most municipal fire departments set their rates at approximately what the insurance companies will pay. The municipal billing department sends a patient's insurance company a bill for (hypothetically) \$1,000. The insurance company pays (hypothetically) 80% or \$800 and the remainder of the bill is sent to the patient for payment. Medicare and Medicaid, by law, receive the same \$1,000 bill (if they are the insurer), but unlike the private insurance companies, pay only \$450 of that bill. By law, the remainder cannot be billed back to the patient and the provider of the ambulance absorbs that as lost revenue or bad debt. As the number of people eligible for Medicaid increases, the amount of money written off also increases. There are additional expenses to provide EMS services that cannot be passed on to the patients or the cost to the patient would become unreasonable. Those items include ambulance maintenance, a percent of the facility maintenance dedicated to EMS, additional responders such as paid firefighters or volunteers, and medical equipment replacement. All of these costs are currently funded by local tax dollars. This bill allows municipalities to enter into negotiations with the federal government to identify what costs they are willing to reimburse.

Please call me if you have any questions on this bill. Thank you.

Kathie Wasserman