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Testimony in Opposition to LD 1192

An Act to Increase the Commercial Insurance Reimbursement Rate for Ambulance Services
April 22, 2025

Senator Bailey, Representative Mathieson, and Members of the Health Coverage, Insurance, and Financial Services Committee.

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission as an association is to improve health by promoting affordable, safe, and coordinated health care.

L.D. 1192 would double the existing required reimbursement rates of ground ambulance providers to 400% of the Medicare rate without any corresponding cost data, eliminates any incentive to be a part of a carrier's network of ambulance service providers, and strikes provisions in existing law that provide for an orderly 5% annual increase to transition to the mandated rates of 200% and 180% of Medicare set by LD 1258 in 2021.

For these reasons, the Maine Association of Health Plans opposes L.D. 1192.

Maine Increases Rates and Limits Prior Authorization Without Cost Reporting

2021 Higher Rates: In 2019, commercial payers were paying a Medicare multiplier rate of between 1.14 (Specialty Care Transport) and 1.68 (ALS II Emergency). Based on 2021 recommendations of the EMS Stakeholder Subcommittee, which included representatives of payers and ambulance service providers, the Medicare multiplier increased to 2 (200% for in-network) and 1.8 (180% for out-of-network) as part of P.L. 2021 c. 241 (L.D. 1258).¹²

Unrealized Cost Reporting Recommendations: The same work group report recommended that EMS providers be required to annually report cost and performance metrics to the State of Maine to receive the 180% and 200% standard reimbursement rates (recommendation 6).

Unallocated language in P.L. 2021 c. 241, Sec.6, called for a stakeholder group to consider and develop financial and cost reporting standards.

¹ <https://www.maine.gov/ems/sites/maine.gov/ems/files/inline-files/20210201-LD2105-Committee-Final-Report.pdf>, pp. 11 and 18.

² <https://legislature.maine.gov/backend/App/services/getDocument.aspx?documentId=90656>, PL 21 c.241

A resulting LD 1258 stakeholder group on EMS Financial Health issued a report and recommendations in January of 2023. The Financial and Cost Reporting Standards and Metrics Recommendation (#5) called for funding two full-time equivalent positions at EMS to facilitate a cost-reporting and collection program. It also called for requiring all ground transporting services to submit cost reports annually utilizing the Medicare standard framework.³

LD 1602 (P.L. 2023 c 468, Sec.4) funded an 18-month position in the Department of Public Safety that ends this June.

Premium payers and stakeholders should have detailed insights into the costs of delivering EMS services before the Legislature acts to increase rates.

2023 Limits on Prior Authorization and Reimbursement for Nontransport Services: L.D. 1602 in the 131st Legislature (P.L. 2023 c. 468) advanced recommendations of a 2023 Stakeholder Group on EMS Financial Health that again included both ambulance service providers and carrier participants. Enacted recommendations included limits on prior authorization related to transporting enrollees to, between, and from hospitals to other health care facilities and the requirement that providers be reimbursed for emergency services other than transportation if the enrollee refuses transport to a hospital.⁴

Four Times Higher Than Medicare and MaineCare

Maine employers and premium paying consumers will pay four times more than Mainers enrolled in MaineCare and Medicare for the same access to ambulance services and first responder protections if LD 1192 goes into law.

Effective January 1, 2024, MaineCare Ambulance Service rates were updated to reflect the most current Maine Medicare rates.⁵

Eliminate Incentives To Join Provider Networks

LD 1192 would set one rate for all ambulance service providers. Current law maintains a 20-percentage point difference between network (200% of Medicare) and out-of-network (180% of Medicare) ambulance providers.

The bill also strikes from existing law the 5% annual cap on rate increases to transition to the state mandated rates.

³ <https://legislature.maine.gov/doc/9667>

⁴ <https://legislature.maine.gov/backend/App/services/getDocument.aspx?documentId=103724>, P.L. 23, c.468

⁵ <https://www.maine.gov/dhhs/oms/providers/provider-bulletins/attention-section-5-ambulance-service-providers-2024-rate-updat-2023-12-21>, accessed 4/21/25

New Hampshire Ground Ambulance Cost Study – Less Than 210% of Medicare

Stakeholders in New Hampshire are working to assess and appropriately fund ground ambulance costs through the development of a cost-based reimbursement rate schedule.⁶

The rate recommendations in NH are very close to what Maine has already established-- 202% of Medicare for the transport procedure code and 209% for the mileage procedure code. The Executive Summary of the NH Ground Ambulance Cost Study Final Report is included with my testimony.

We strongly believe Maine should take a similar approach and better understand provider costs before approving legislation that would double commercial rates that were recently increased and are already 200% higher than the reimbursements provided by public payers.

If the committee is interested in pursuing this bill it should also include an effective date of January 1, 2027, or later to allow plans to implement the legislation and include the increased costs in their rate filings.

We urge a vote of Ought Not to Pass on L.D. 1192 and thank the committee for its consideration.

⁶ <https://nhhp.org/nh-ground-ambulance-cost-study/>

New Hampshire Ground Ambulance Cost Study

Final Report

Public Consulting Group LLC

January 6, 2025



PUBLIC
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EXECUTIVE SUMMARY

Senate Bill 407 (SB 407) of 2024 directed the New Hampshire Insurance Department (NHID) and New Hampshire Health Plan (NHHP) to conduct an independent cost study of New Hampshire ground ambulance services. NHHP engaged Public Consulting Group LLC (PCG) via an RFP process to gather and analyze data from Licensed Emergency Medical Service Units (Licensed EMS Units) operating in New Hampshire and recommend a state-wide cost-based ground ambulance rate schedule to be utilized by fully insured commercial payors. PCG engaged Lewis & Ellis (L&E) to conduct an actuarial analysis to determine the proposed rate schedule impact on commercial insurer premiums.

The proposed rate schedule will support fully insured commercial payers reimbursing nonparticipating ground ambulance providers. The rate structure was developed to meet the following criteria:

- The fee schedule may be expressed as a percentage of Medicare rates, or it may be an independently developed schedule.
- Reimbursement shall be designed to cover the costs attributable to the provision of covered services assuming:
 - All public and commercial payers in the State are paying at the same rate, and;
 - The rate of revenue received for ground ambulance services in the State through public funds remains constant;
- Costs are required to include the cost of pre-hospital care and the cost of sustaining a reasonable operating margin as necessary to fulfill the expectation that ground ambulance providers in the State maintain readiness to meet future demand for services.
- Cost estimates shall assume that services shall be provided in a reasonably cost-effective manner.

The PCG Team undertook a multiple step process to calculate the final rate schedule.

- Identified the eligible source population of Licensed EMS Units operating in the State and what proportion (by EMS type and rurality status) was included in the study sample.
- Created and executed a data collection plan.
- Validated the data collected and the representativeness of the data sample.
- Performed qualitative analysis and applied quantitative statistical methods to derive statewide cost per transport, summarized below:
 1. Identified and excluded Licensed EMS Units that have gone out of operation or recently begun operations.
 2. Identified and excluded Licensed EMS Units with incomplete data submissions.
 3. Prorated cost and transport data for Licensed EMS Units based outside of New Hampshire to reflect only the portion of services rendered within the State of New Hampshire.
 4. Identified and excluded outliers using statistical analysis.
 5. Excluded costs funded by local taxes earmarked for EMS.
 6. Included costs for volunteer labor based on provider-reported cost data for paid positions.
 7. Calculated statewide weighted average cost per Transport, Treat No Transport response, cost, and mileage cost.
- Derived a fee schedule from the statewide cost per transport utilizing the geographic adjustment factors and Relative Value Units (RVU) utilized by the Centers for Medicare and Medicaid Services (CMS) in calculating Medicare rates, as follows:

1. Calculated a base rate from a statewide weighted average cost per transport or treat no transport response based on the average acuity level of transports conducted by Licensed EMS Units in the eligible sample and the geographical makeup of the State.
2. Increased the base rate by a 20% Provision for Adverse Deviation (PAD). The PAD, also known as a risk margin or margin for uncertainty, represents a percentage increase designed to account for uncertainty inherent in rate development as well as increased assurance of rate sufficiency. The selected PAD results in an estimated average operating margin of 2.4% for Licensed EMS Units operating in NH.
3. Applied the Medicare RVU developed by CMS to the calculated base rate for services. This RVU differs for each procedure code, thus creating distinct rates for each procedure based on service-specific acuity.
4. Applied Urban, Rural, and Super Rural factors to calculate distinct rates by location.

Finally, L&E conducted an actuarial analysis to determine the actuarial soundness of the rate. The final rate calculations were determined by the method shown in Figure 1, below.

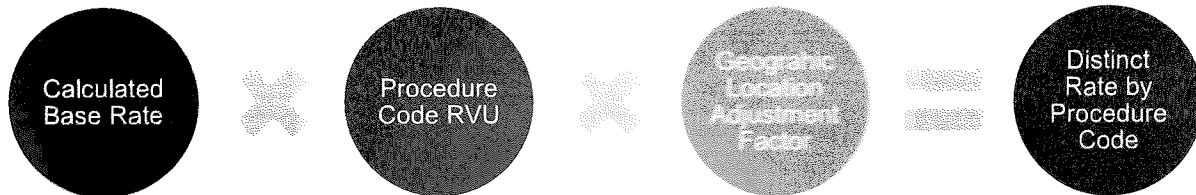


Figure 1: Rate Calculation Method

The final rate calculations, in Table 1, reflect the outcome of this cost study. These have been reviewed by the Core Project Team, which consisted of representatives from the New Hampshire Insurance Department (NHID), New Hampshire Health Plan (NHHP), and the New Hampshire Department of Safety (DOS), as well as the PCG Team. Rate calculations were then confirmed as actuarially sound by L&E.

Table 1: NH Rate Recommendations				
Procedure Code	Description	Urban	Rural	Super Rural
A0426	Advanced Life Support, Level 1 (ALS1), Non-emergency	\$691.24	\$698.02	\$855.77
A0427	Advanced Life Support, Level 1 (ALS1), Emergency	\$1,094.46	\$1,105.19	\$1,354.97
A0428	Basic Life Support (BLS), Non-emergency	\$576.03	\$581.68	\$713.14
A0429	Basic Life Support (BLS), Emergency	\$921.65	\$930.69	\$1,141.03
A0432	Paramedic Intercept, Volunteer Ambulance Co	\$1,008.06	\$1,017.94	\$1,248.00
A0433	Advanced Life Support, Level 2 (ALS2)	\$1,584.09	\$1,599.62	\$1,961.14
A0434	Specialty Care Transport (SCT)	\$1,872.11	\$1,890.46	\$2,317.71
A0998 (BLS)	Response and Treatment, no transport	\$414.07	\$418.13	\$512.63
A0998 (ALS 1)	Response and Treatment, no transport	\$491.71	\$496.53	\$608.75
A0998 (ALS 2)	Response and Treatment, no transport	\$711.69	\$718.67	\$881.09
A0425	Mileage	\$19.14	\$19.33	\$28.99

Table 1: NH Rate Recommendations

These rates exceed all current Medicare base rates. Overall, the recommended base rate is 202% of the Medicare base rate for transport procedure codes and 209% of the Medicare base rate for the mileage procedure code. It is important to note that many ambulance claims are billed under procedure codes A0425, A0427, A0428, and A0429.

L&E estimated, using the New Hampshire All Payer Claims Database, that these proposed rates would result in a commercial premium increase of 0.1%, which equates to \$4.3M total per year or \$0.36 per member per month (PMPM).

The PCG Team notes the following key points regarding rate recommendations:

- Recommended rates are what commercial payers would pay at a minimum and would be the reimbursement floor for commercial reimbursement.
- All recommended rates and processes are subject to New Hampshire legislative approval.

The full report details the steps taken to calculate these rates, including the methods used, and shows the influence of data factors on the final calculations.