

Statement of John T. Bentivoglio

on behalf of the

Bethesda-Chevy Chase Rescue Squad, Inc.

before the

Montgomery County Fire/Rescue Commission

July 10, 2008

I appreciate the opportunity to information on behalf of the Bethesda-Chevy Chase Rescue Squad, Inc. The Bethesda-Chevy Chase Rescue Squad strongly opposes the imposition of ambulance fees in any form. Our opposition is based on both policy and practical grounds.

Ambulance fee supporters have cited -- often with little or no supporting evidence or analysis -- that such fees can generate substantial revenues with little or no impact on County residents. They also have cited the budget needs of the County's fire/rescue service in justifying ambulance fees.

We have examined these issues closely. We believe a close review of the facts will show that the Executive's proposal is deeply flawed. Given the Fire-Rescue Commission's mandate, we would ask that you focus particularly on the following:

- How an ambulance fee will have a negative impact on patients and individuals;
- How charging for a service often provided for free by volunteers will undermine the volunteer side of the fire/rescue system; and
- How it's unlikely that ambulance fee revenues will be dedicated solely to strengthening the fire/rescue system.

1. There is substantial evidence that an ambulance fee will deter people from calling 911.

Ambulance fee supporters have cited no study or analysis showing that ambulance fees don't deter people from calling 911 in a medical emergency.

The fact that call volume hasn't decreased in jurisdictions imposing ambulance fees (such as Fairfax County) is more likely explained by population growth in these jurisdictions. These jurisdictions have not conducted surveys of impacted populations (such as the poor or uninsured) to determine whether ambulance fees of \$500 to \$800 will deter calls to 911.

We have found several studies suggesting that patient fees/costs will deter people from calling 911. For example:

“Economic considerations may affect EMS system utilization among underinsured and low-income patients experiencing a cardiac event,” cited in *Association between prepayment systems and emergency medical services use among patients with acute chest discomfort syndrome (for the Rapid Early Action for Coronary Treatment (REACT) Study)*, Ann Emerg Med. 2000 June; 35(6):573-8.

“The results of this study indicate that indecision, self-treatment, physician contact, and **financial concerns** may undermine a chest pain patient’s intention to use EMS,” cited in *Demographic, Belief, and Situational Factors Influencing the Decision to Utilize EMS Among Chest Pain Patients*, Circulation (Journal of the American Heart Association), 2000;102; 173-178.

The problem with relying on reports from other jurisdictions with ambulance fees is they have a vested interest in painting a rosy and positive picture of ambulance fees -- and minimizing negative impacts.

2. The burden will fall most heavily on the poor, elderly, non-English speakers, and other vulnerable populations

The burden of ambulance fees will fall most heavily on the poor, elderly, non-English speakers and other vulnerable groups. Most people who are uninsured or underinsured are poor and working poor -- those too “rich” to qualify for Medicaid but too poor to afford health insurance.

With respect to the elderly, non-English speakers, and others, if they don’t have insurance they are likely to receive bills from the County for ambulance services. Under the Fairfax County system (often cited by ambulance fee supporters), residents receiving bills must submit extensive paperwork (including tax filings or other financial documents) to request an ambulance fee waiver. This won’t feel like “soft billing” (as ambulance fee supporters promise) won’t seem “soft” to many residents, who will assume that if the County is demanding payment, the resident must pay.

3. Hundreds -- potentially thousands -- of County residents will be charged for emergency ambulance service

Ambulance fee supporters have promised to pursue an “insurance only” billing policy, under which County residents would be billed only to the extent of available insurance. (Memo from Joseph Beach (Director, OMB) to Michael Knapp, April 14, 2008 at page 5 of report submitted by Page, Wolfberg & Wirth (“PWW Report”). However, the projections offered by the County Executive include the following:

	Year 1	Year 4
Self-Pay Transports	15,954	17,945
Self-Pay Charges	\$ 7,920,960	\$10,219,540
Self-Pay Revenues	\$792,096 (10% of self-pay charges)	\$1,021,954 (10% of self-pay charges)

Assuming an average transport fee of \$500, this means (using Year 4 estimates) that 20,000 individuals (i.e., \$10 million divided by \$500 per transport) will receive a bill for payment and 2,000 individuals will, in fact, pay a fee for emergency ambulance service.

Ambulance fee supporters repeatedly point to Fairfax County as a model. But in Fairfax, patients not covered by insurance do receive a bill for ambulance service; to obtain a waiver, it appears individuals must complete a detailed and intrusive waiver application, include detailed financial information (including tax filings), and meet strict financial criteria. A copy of the Fairfax County waiver application and related materials is attached.

It is also important to note that an increasing number of individuals and small business owners have high-deductible health insurance plans. Such individuals pay out of pocket for health costs up to a threshold (in the range \$5,000 to \$8,000). Would these individuals be liable for ambulance fees? We believe they might because they bear the cost of most out-of-pocket healthcare expenses.

4. Impact on Community-Based Fire/Rescue Departments

Shifting from the impact on patients to the impact on the fire/rescue system, we believe an ambulance fee is fundamentally at odds with the notion of a volunteer community service. We simply don't understand how the County can charge hundreds of dollars for a service that often times is provided for free by volunteers and/or using apparatus and equipment provided by community fire/rescue departments. Imposing such a fee would undermine volunteer morale and under the close bond and accountability that is a hallmark of community-based fire/rescue departments.

The County's proposal also does not address the substantial burden that will be imposed on volunteer and career personnel in completing the paperwork necessary to facilitate billing. The County's own outside consulting/law firm has stated that accurate and complete documentation is essential to billing, and completing this paperwork will be a burden on fire/rescue personnel. Rather than expeditiously restocking and returning units to service at hospitals, EMS crews will need to spend time on paperwork. And rather than adding new classes to improve pre-hospital care, fire/rescue personnel will need to take courses in healthcare billing requirements.

5. The County's revenue projections for the ambulance fee are dramatically overstated

The report by the County's outside consultant/law firm states that the revenue projections "[a]ssume[] complete documentation necessary to support billing decisions; crew documentation training recommended." (See PWW Report, "Notes and Assumptions" for each year's revenue projections). The report also states:

"Detailed documentation training will be required of all EMS personnel in the County to fully realize these revenue projections. Montgomery County policymakers and budget officials might want to take this factor into account when considering their anticipated EMS revenue budgets and reduce the projections by some estimated favor (for instance, 40% in Year One, 30% in Year Two, 20% in Year Three, and 10% in Year Four) to account for this unpredictable variable." (PWW Report, page 7 under "Patient Care Documentation").

Despite these explicit caveats, the April 14, 2008 Memorandum from Joseph Beach (OMB Director) to Michael Knapp states that "the legislation is expected to result in revenues of \$7.05 million in FY09, assuming mid-year implementation, and annual revenues of \$14.8 million in FY10"

The truth is that while County budget officials promise \$14.8 million in 1st year revenue, under the County's own estimate the actual amount is likely to be closer to \$8 million/year -- and even that amount overstates the likely near-term revenues.

The April 14, 2008, Memorandum cites personnel costs of \$466,500 annually and operating costs of \$352,390. However, the Memorandum provides no estimates for the acquisition of an Electronic Patient Care Reporting System.

Perhaps more importantly, there is no estimate for the cost the third-party billing company will charge the County. In other jurisdictions, such charges are in the range of 9% of revenues collected -- which could exceed \$1 million in the first year of the program alone.

Finally, despite the recommendation of the outside consultant/law firm to provide EMS provider training on patient care documentation to support billing, there is no money allocated in the budget for such training.

As a result, we believe that the likely first-year revenues are more likely to be \$5-6 million; with revenues increasing no more than \$1 million/year through the first four or five years of the ambulance fee.

6. Ambulance Fee Revenues Will Not Be Dedicated to Strengthening the Fire/Rescue System

The legislation drafted by the County Executive is extremely vague on how ambulance fees will be used. The relevant provisions of the legislation read as follows:

The revenues collected from the EMS transport fee must be used to supplement, and must not supplant, existing expenditures for emergency medical services and other fire and rescue services proved by the Fire and Rescue Service.

Compare this language with the language proposed in 2004 that dedicates ambulance fee revenues solely to specific fire/rescue activities. The draft regulation submitted by the County Executive in 2004 read as follows:

Appropriate Uses of EMS Transport Revenues: EMS Transport fee revenues must be dedicated solely to the following uses:

- a. enhance the quality and effective of emergency medical services, including full time, professional medical direction, quality assurance programs and appropriate EMS supplies and equipment;
- b. provides for the timely repair, testing, maintenance, equipping and replacement of fire and rescue apparatus to meet readiness objectives, including a fleet of ready reserve units;
- c. improve the safety and reduce the occupational risk of fire and rescue personnel; and
- d. enhance fire and rescue services through improvements and application of appropriate fire and rescue tools, equipment and technology.

The contrast between the current, vague language and the specific, detailed language from 2004 is important, particularly in light of how current “dedicated” fire/rescue revenues are used. The amount the County currently collects through the Fire Tax, federal and state grants, and permit/inspection fees substantially exceeds the amount it spends on operating and capital expenses for fire/rescue service. It is not clear how the County can divert such “dedicated” resources to other purposes, but it appears to do so. If an ambulance fee is imposed, there is little or no reason to believe that the revenues will, in fact, be dedicated solely and exclusively to fire/rescue service.

We believe all or a substantial portion of any ambulance fee revenue will (as current “dedicated” revenue sources are) be devoted to non-fire/rescue activities.

It is important to note that we have come to these conclusions based on our own analyses and fact gathering. We have seen little or no analyses or studies supporting many of the Executive’s arguments in favor of ambulance fees.

Thank you.