



December 8, 2015

Hon. Aaron Michlewitz, House Chair
Joint Committee on Financial Services
State House, Room 254
Boston, MA 02113

Hon. James B. Eldridge, Senate Chair
Joint Committee on Financial Services
State House, Room 218
Boston, MA 02113

re: House Bill 813: An Act relative to payment for use of ambulance services

Dear Chairman Michlewitz and Chairman Eldridge:

On behalf of a broad group of organizations representing employers and health plans that are committed to ensuring access to quality and affordable health care in the Commonwealth, we are writing to express our strong opposition to House Bill 813. The bill would require health plans to reimburse ambulance service companies regardless of whether they were in a health plan's network, leaving it to the municipality and the ambulance company to determine the reimbursement rate that health plans would have to pay.

House Bill 813 will increase health care costs for Massachusetts businesses as it would require health plans to reimburse ambulance service companies regardless of whether they were in a health plan's network while continuing to allow those ambulance companies to charge outrageous and unjustified rates for their services. The bill runs counter to the Commonwealth's payment reform law (Chapter 224 of the Acts of 2012), which is intended to bring health care costs more in line with the state's economy, and would undermine the efforts to make health care more affordable. As *Boston Globe* and *Boston Herald* editorials have continually noted, this ambulance payment language "makes little sense from the perspective of cost containment," would "create a disincentive for ambulance companies to join networks" and lead to higher costs. See Editorials attached.

All stakeholders in the health care industry have a shared responsibility to help make care more affordable. A 2013 *Time* magazine special report noted that ambulance companies are now being targeted by private-equity firms "in what Wall Street analysts have identified as *an increasingly high-margin business*." (Emphasis added.) Moreover, a September 2013 report by the Office of the Inspector General for the U.S. Department of Health and Human Services on the utilization of ambulance transports found that since 2002 Medicare Part B payments for ambulance transports have grown at a faster rate than all Medicare Part B payments and the ambulance benefit is vulnerable to fraud and abuse. House Bill 813 would only serve to create a further disincentive for these companies to contract with insurers at reasonable rates, while adding millions in unnecessary costs to our health care system.

It is important to note that health plans have already explicitly exempted municipally owned and operated ambulance service providers from these policies. These protections already ensure that all cities and towns that operate their own ambulance services will continue to be reimbursed directly. Since this issue was first proposed in 2010, a number of reasonable alternatives have been proposed that would prohibit health plans from reimbursing members, while ensuring that private ambulance companies are fully and directly reimbursed at reasonable rates. Allowing each municipality to set reimbursement rates for private

ambulance services in their jurisdiction would likely result in the codification of existing rates. It would also create an administratively unmanageable 351 separate fee schedules. This is clearly inconsistent with the legislature's commitment to health care cost control.

For these reasons, we strongly urge you to **reject House Bill 813**.

Sincerely,



Eileen McAnneny, President
Massachusetts Taxpayers Foundation



John R. Regan, Executive Vice President, Government Affairs
Associated Industries of Massachusetts



James E. Rooney, President & CEO
Greater Boston Chamber of Commerce



Jon B. Hurst, President
Retailers Association of Massachusetts



JD Chesloff, Executive Director
Massachusetts Business Roundtable



William Vernon, Massachusetts State Director
National Federation of Independent Business



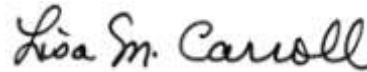
Jeff Rich, CEO
Health Services Administrators



David A. Shore, President
Massachusetts Association of Health Underwriters



Frank Carroll, Founder & Chairman of the
Board
Small Business Service Bureau, Inc.



Lisa M. Carroll, President
Mosaic Insurance Exchange



Michael Caljouw, Vice President
Public, Government & Regulatory Affairs
Blue Cross Blue Shield of Massachusetts



Lora Pellegrini, Esq., President & CEO
Massachusetts Association of Health Plans

cc: Members of the Joint Committee on Financial Services

Enclosures: *Boston Globe* editorial, June 1, 2015
Boston Globe editorial, February 3, 2012
Boston Herald editorial, May 7, 2012
Boston Herald editorial, March 14, 2012

The Boston Globe

June 1, 2015

EDITORIAL

Lawmakers shouldn't get taken for an ambulance ride

IT'S A HARDY perennial in the category of bad legislation: budget riders to change the way emergency out-of-network ambulance rates are set. That is, the payment due when a member of an insurance plan is transported on an emergency trip by a company that's not under contract with that plan. Under the current system, an insurer generally pays the out-of-network company the rate it has negotiated with its in-network ambulance companies. As a way to induce more ambulance companies to join their networks, some insurers pay the patient and leave it to the ambulance firms to pursue payment from that person.

But this year, both the House and the Senate passed budget language to change those payment arrangements. The House measure would let cities and towns set the rate for ambulance trips that originate in their jurisdictions and require that payments be made directly to the ambulance company. That legislation is a very bad idea. For starters, it could result in scores, even hundreds, of different rates. Second, it would remove the important cost control that comes through negotiations between insurers and providers. After all, it is the careful eye of the insurers that is meant to keep rates in reasonable range. That change could also create an incentive for ambulance companies to quit entering into contracts with insurers.

The Senate's amendment calls for letting the state secretary of health and human services set the rate through regulations. It would establish an "ambulance service advisory council" and require that the secretary seek its advice when setting the rate. As with the House language, payment would be made directly to the ambulance companies.

Although better than the House scheme, the Senate's measure is also problematic. Make no mistake: It's an attempt to obtain higher rates for out-of-network ambulance trips than the insurers pay their in-network companies. As such, if successful, it would obviously create a disincentive for ambulance companies to join networks.

The incentives should point in the other direction — and they will if the Legislature holds firm. For example, since Blue Cross Blue Shield of Massachusetts began sending payments to patients rather than ambulance companies, some 17 of those companies have signed on to become in-network providers, as a way to get direct payment. They are now accepting lower rates than likely would have been the case if past efforts to execute a legislative end run around the insurers had succeeded.

That should tell lawmakers something: Be wary of ambulance companies crying wolf. Or declaring that the wolf is at the door. No system is perfect, but this one is working reasonably well. There's no need for dubious changes made via lightly scrutinized budget amendments.

The Boston Globe

February 3, 2012

EDITORIAL

Cities shouldn't set own rates

THE STUBBORN dispute between insurers and the state's private ambulance companies has gone on for far too long. It needs to be solved, but a solution will require credible information about the real cost of the emergency service those companies provide.

Last fall, in an attempt to bridge the divide over how much insurers should pay out-of-network ambulance companies for emergency trips, Governor Patrick proposed that the health plans pay either the rate they would give in-network companies or 300 percent of the Medicare rate, whichever is less. That's a reasonable idea. After all, those rates would reflect either the amount that other ambulance companies receive for similar trips or triple the rate those same companies get from the federal government.

The ambulance companies and their legislative advocates, however, insist that Patrick's plan won't work. They claim their costs are higher because they handle more emergency trips, which cost more, and because they are underpaid by Medicare and Medicaid. Thus they are once again pushing to let cities and towns set the rate for emergency out-of-network ambulance trips that originate in their jurisdiction.

But that scheme, which is gaining steam in the House, makes little sense from the perspective of cost containment. Cities and towns, after all, would base the rate on what it costs them to operate their municipal ambulance service. But that assumes that those services are efficiently run, with pay scales that reflect the prevailing market rate for emergency medical technicians or paramedics, rather than, say, the rate negotiated by the local firefighters unions. Under that plan, whatever inefficiencies exist in the municipal system would merely be extended to the private-ambulance companies as well.

If the Legislature really doesn't think Patrick's plan will work, then the best way forward is for the state to establish a commission to come up with a fair emergency-trip rate for a properly staffed and equipped ambulance company. Then policymakers will at least have accurate data to work with as they fashion a solution. **Until then, legislators should refrain from any changes - particularly one that would cede rate-setting power to the cities and towns.**



May 7, 2012

EDITORIAL

Not quite an emergency

On the same day they were preparing to release a comprehensive bill aimed at lowering health care costs (see above) House lawmakers curiously chose to advance a narrow piece of legislation that could do the opposite. Well, maybe not so curious. When it comes to favors for their friends — in this case, municipal ambulance services run by fire departments — it seems lawmakers can't help themselves. As an incentive to get ambulance companies to join their provider networks and charge negotiated rates, some health plans have begun sending payments directly to patients for out-of-network service. But ambulance companies argue those policies put them in the position of having to chase customers for payment, and say the insurance companies simply won't pay the full cost of their services. So they've been bugging their friends on Beacon Hill to do something about it. The House on Thursday gave initial approval to a bill that would require health insurance companies to pay ambulance providers directly. The bill helpfully requires that payment be made "directly and promptly" to ambulance providers. What other business wouldn't give for that kind of legislative attention to detail? In the same way that we object to state bureaucrats policing rates charged by hospitals and health care providers, we object to their micro-management of the business relationship between insurance companies and ambulance providers. It's just a step too far



March 14, 2012

EDITORIAL

So much for cost control

How can you tell it's an election year? Among other signs it's when lawmakers choose to accommodate the special pleading of local fire departments and ambulance providers over those big, mean insurance companies — the merits of the issue notwithstanding. So it is with a bill now on the move at the State House that would forbid health insurance companies from sending payments directly to patients when an ambulance company (whether private or municipally-run) isn't part of the insurer's network, and therefore doesn't charge set rates. Some health plans have opted for direct payments to patients to pressure ambulance providers into signing contracts with their networks, therefore helping to control the wildly divergent cost of ambulance service. The insurers argue that ambulance providers charge inflated rates that have little relationship to the cost of service. But ambulance providers, including powerful local fire officials who staff municipally-run ambulance companies, have fought back, arguing that all hell will break loose if it falls to them to chase patients for reimbursements. They have warned of delayed service — yes, that not-so-subtle threat of death. Funny, we don't sense the same urgency to block car insurance companies from paying drivers directly. Then again body shop owners aren't known for their skill at electioneering. The real message, of course, is that whether it's a for-profit company or a taxpayer funded fire department, ambulance service can be a money-maker and providers would like to be free to charge whatever they want, thank you very much. Of course this all comes as lawmakers prepare to embark on a massive effort to rein in the cost of health care. Talk about timing. The bill, which would require insurance companies to pay ambulance providers "directly and promptly," has cleared two House committees. The budget-writers on the Ways and Means Committee should know best what the cost of health insurance is doing to private businesses as well as to cities and towns. Beacon Hill should just butt out.