

# Emergency Air Medical Services: Working Together to Protect Patients



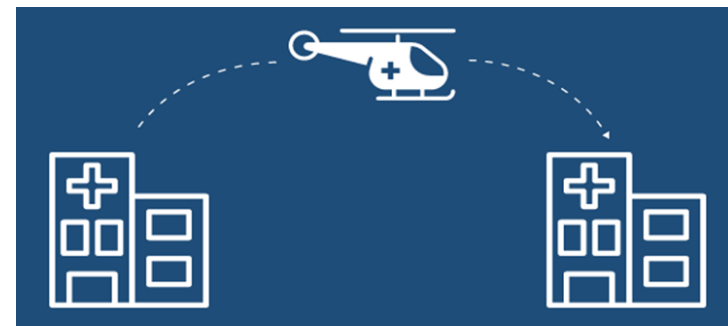
# What are Emergency Air Medical Services?

- EXTREMELY Rare Service: Average of 350,000 transports annually for entire industry vs. 15,000,000+ ground ambulance
- Do Not Self-Dispatch: Responds only if called by physician or first responder following state protocols for emergency services
- 24/7 – 365 day access to emergency care via flying ICU
- Air Ambulance brings emergency critical care to the patient at the scene or sending facility
- 90% of air medical transports suffered trauma, cardiac, stroke, or respiratory distress
- Air Medical crews respond to treat the patient regardless of type of patient or type of health coverage
- Rural Health Care: 70% are transported from CMS designated rural zip codes

Scene Transport - 40%



Interfacility Transport - 60%



BOTH EMERGENT

# Four Patient-centric Policy Solutions



Encourage In-Network agreements between private insurers and air medical providers to help ensure patients are covered.



Encourage Patient Advocacy practices to assist patients through the claims process.



Modernize government reimbursement rates to correct the unsustainability due to Medicare and Medicaid and preserve rural access.

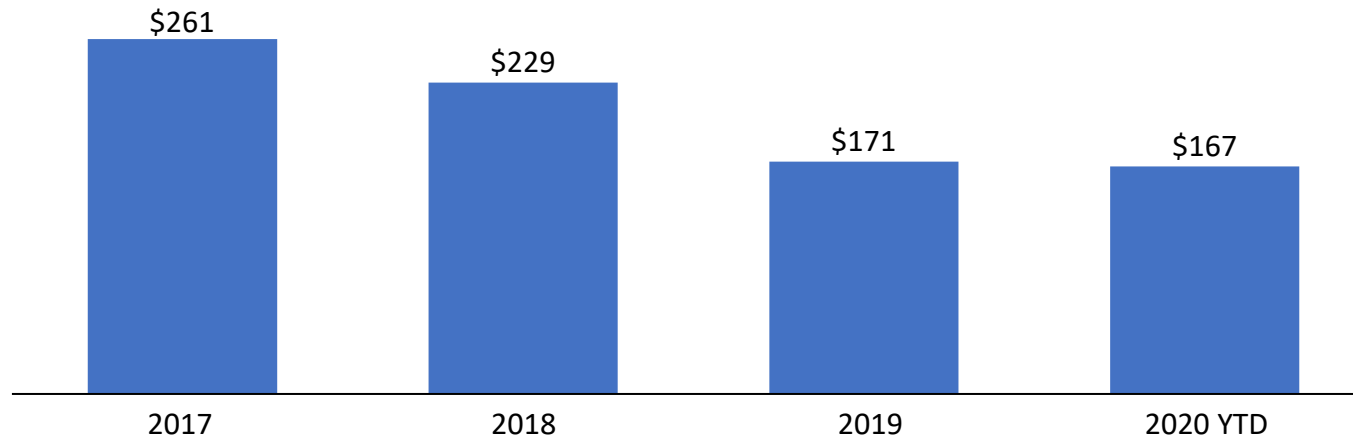


Ensure adequate state regulation of air ambulance subscription product terms, financial obligations & sales practices, to protect consumers.

# Assisting Patients: Bills to Patients & OOP Costs

- AMC's patient-centric principles make every effort to avoid and reduce the number of bills sent to patients
- Average patient out-of-pocket (OOP) remains low, the result of increased patient advocacy efforts
  - ✓ **49% of privately-insured patients are currently covered by in-network agreements** (vs. 8% in 2015)
  - ✓ **Air Methods patients average just \$167 in OOP** in 2020 YTD
  - ✓ **70% of patients never receive a balance bill** (Medicare/Medicaid/In-network)

Patient Out of Pocket by Year



# What are Air Medical Subscriptions?

Memberships were started with best intentions to support air medical services in communities and aim to prepay for out of pocket costs for air medical services, *unless* -

- the patient is uninsured, *or*
- the policyholder's claim is denied by the insurer, *or*
- the membership provider cannot transport the policyholder in the first place (e.g. because the policyholder is too large, too far away, or is prevented by weather).



Relatively recently, air ambulance memberships have emerged as a marketable product, especially to consumers in rural communities:

- Marketers sow fear of paying for a service with a **.002 probability of being needed.**
- These products are marketed to groups and individuals who **may not understand that they have other resources or coverage** to ensure adequate coverage
- These products **are marketed to groups who likely don't need** this supplemental coverage at all, such as seniors covered by Medicare Part B or Medicaid.
- The marketers of these products aim to make high-acuity and time sensitive emergency medical care a "shoppable" service—which is not efficient and **can actually result in denials.**

# What are the Issues for Consumers and Policymakers?

## Experiences from the Market –

Patient receives a medical settlement for their episode of care to help cover their medical bills. Unrelated to the medical settlement itself, the patient's air medical provider sends a letter to recoup their full billed charges, amounting to 75% of the patient's settlement, because the patient did not know that they had signed over to the air medical provider as the primary lien recipient on any medical settlement—*per the fine print terms of their membership contract*.



Patient refuses transport at the sending facility because they want to wait for the “free” helicopter—nurses intervene to convince them that because they are a Medicaid beneficiary, they will have no out of pocket costs associated with the transport, and they cannot afford to delay transport due to their time-sensitive emergency medical condition.

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Car accident patient should be treated appropriately at a local hospital, but because they have a membership, they ask the responding ground ambulance crew—who already see the air ambulance membership sticker on the patient's wrecked car window—to call for air transport to a large urban trauma center. Not only does this take a patient away from the smaller hospital to an overcrowded urban hospital, it also puts the patient at great risk of having the claim denied by their health insurer for unnecessary air transport. When this happens, the patient will be liable for the full billed charges of the air transport—*per the terms of their membership contract*.

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Patient waits in small rural hospital ED for several hours for their membership provider helicopter, because they have refused transport from a closer more appropriate air ambulance. Weeks later, their private health insurer denies their claim, saying that because the patient chose to wait so long for medical transport, it clearly was not an emergency. Per the terms of the patient's membership contract, because their insurer denied their claim, the member is now responsible for *the entirety of the billed charges*.

# What are the Issues for Consumers and Policymakers?

**Problem:** Oversaturation of Air Medical Market

- Rationality brought to the market (e.g. NY).

**Solution.**

**Problem:** Consumers Stuck Between Competing Memberships

- State DOI (or legislature) can regulate reciprocity if they choose.

**Solution.**

**Problem:** Consumers Sold Memberships, but Don't Need Them (i.e. have other coverage or low out of pocket)

- Sale will be regulated by state DOI to prevent unnecessary duplicative policyholder coverage.

**Solution.**

**Problem:** Potential Anti-Kickback Statute (AKS) and False Clams Act (FCA) Issues

- State regulation as a supplemental insurance product would mitigate this liability for providers.

**Solution.**

**Problem:** Consumers Delaying Emergency Care to wait for Membership Provider or Demanding They Go by Air Unnecessarily

- Consumers will understand that they can be treated by the appropriate provider, no membership required.

**Solution.**

**Problem:** Consumers Misinformed about Needing Memberships to Keep Provider in Community or Access Care

- Insurance product will inform consumers of options and memberships can still be sold as regulated supplemental products if the DOI and communities agree.
- Continue to drive in-network negotiations, which are not incentivized by memberships.

**Solution.**

# Solutions: Pursuing Regulatory Paths for Air Medical Memberships

## Prohibit the Sale of Memberships

- States: North Dakota
- Prevents unnecessary supplemental coverage

## Regulate the operations & terms of Memberships

- States: Florida, Montana, New York, Washington
- Allows for flexibility in the market if there is demand
- Allows State to oversee & therefore protect consumers from unseemly terms

## Establish standards as supplemental coverage

- NAIC established state minimum standards for Medigap carriers in the 1970s
- Seniors need to be protected similarly if they are to be sold air medical supplemental coverage.

Eliminate Duplicative Insurance Coverage

# Protect Consumers



# Are Air Medical Memberships Insurance?

Guardian Flight v. Godfread (2019) challenged ND SB 2231 (2017) which prohibited the sale of memberships in ND on the basis that as a form of insurance the State is within its legal authority to regulate these products.



- Guardian Flight argued against the ND DOI that memberships are not in any way a form of insurance, but simply a prepayment of medical services to be rendered.
- Justice Hovland disagreed and held that subscription products meet "any reasonable definition," of a form of insurance, including that of Black's Law Dictionary:  
***"Insurance is [a] contract by which one party (the insurer) undertakes to indemnify another party (the insured) against risk of loss, damage, or liability arising from the occurrence of some specified contingency."***  
Insurance, Black's Law Dictionary (10<sup>th</sup> ed. 2014)

*"The Court has no difficulty concluding air ambulance subscription agreements are a form of insurance."*

- Chief Judge Daniel L. Hovland, D.N.D. January 2019, p. 13

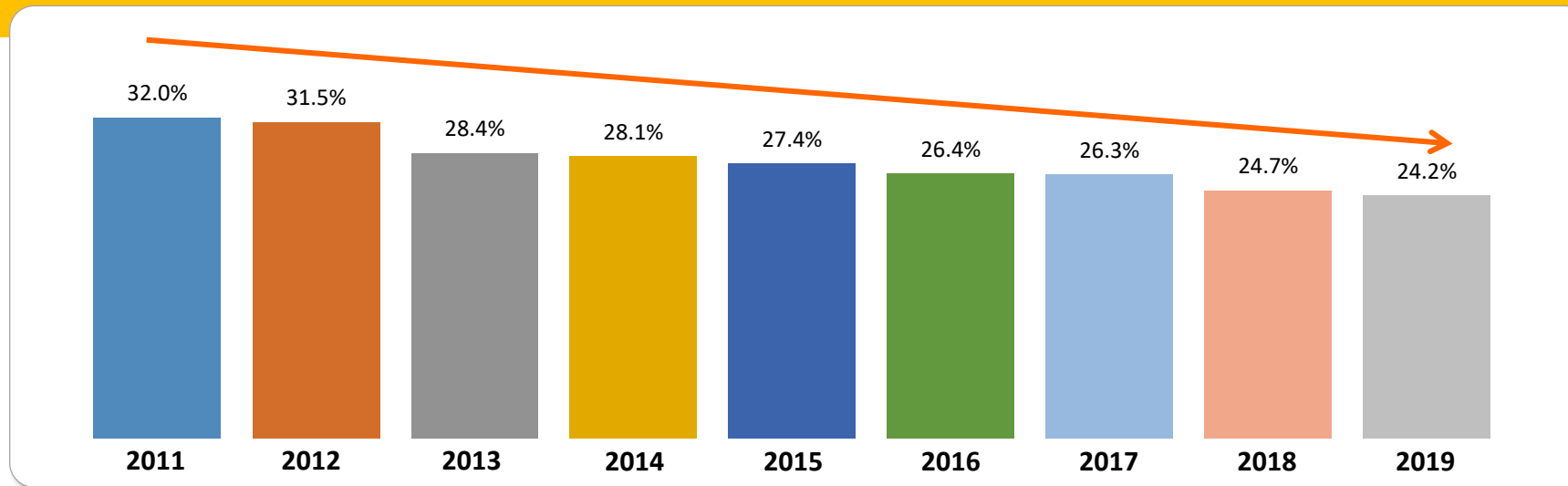
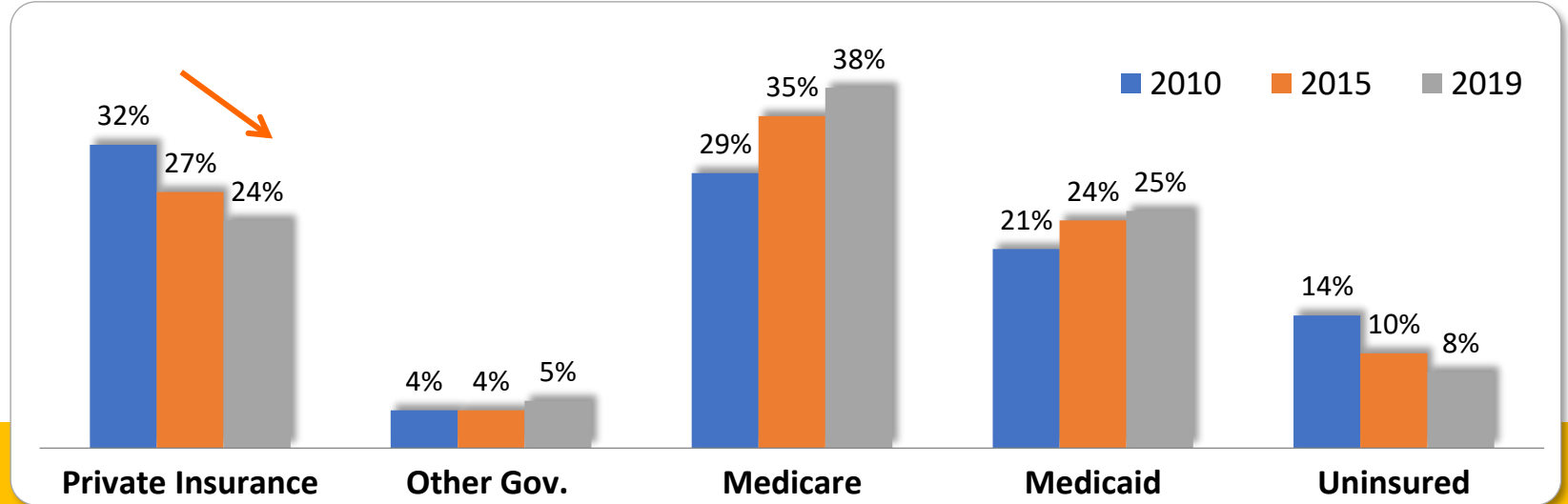
# Questions on Air Ambulance Memberships?



## How are Air Medical Services Paid?

### Change in Air Methods Payer Mix, 2010-2019

- The number of patients with private health insurance decreases ~0.5% annually as a percent of total - shift into Medicare/Medicaid

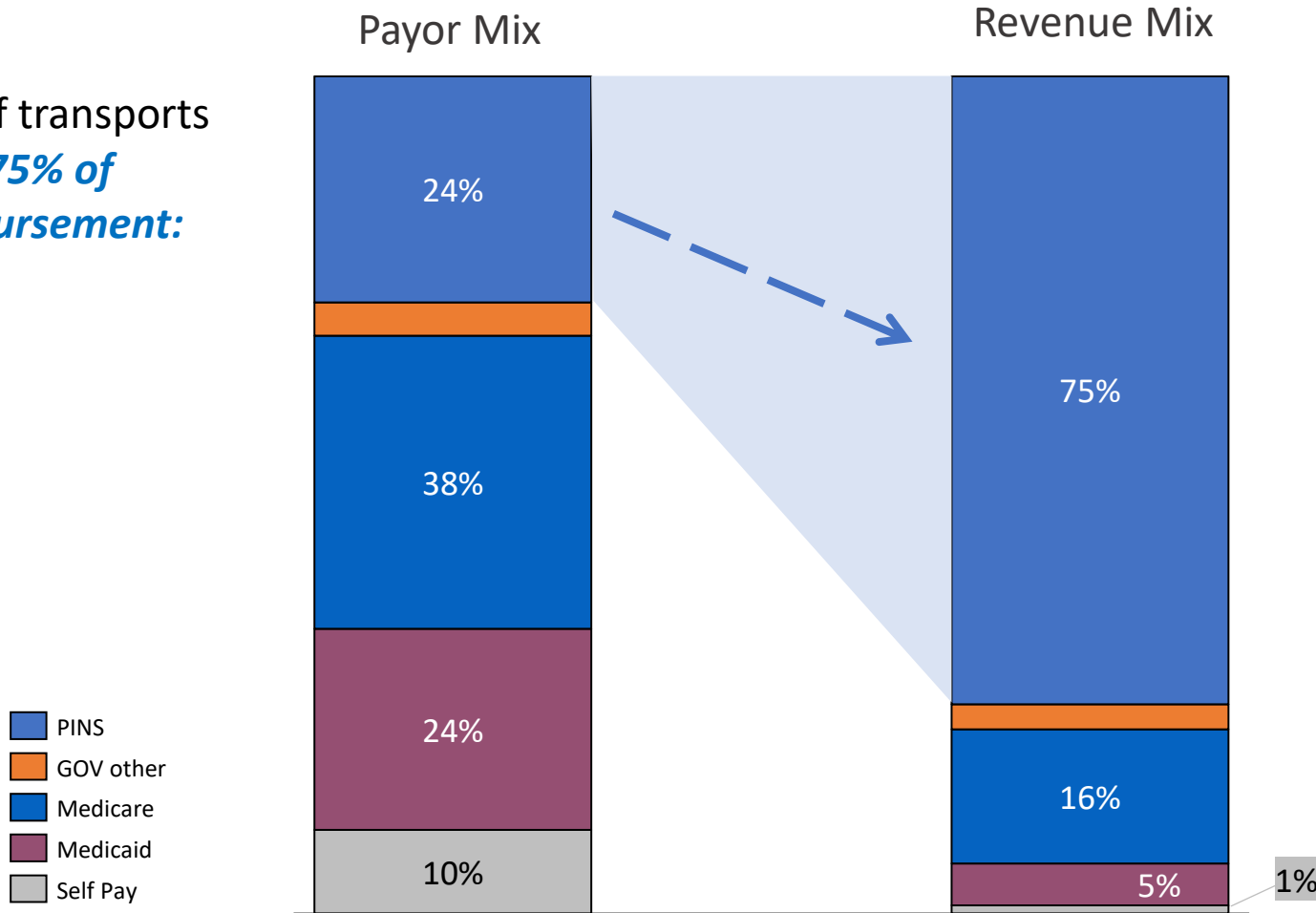


### Percent of Air Methods Patients with Private Health Insurance, 2011-2019

- Sharp decline in Privately insured patients over the past ten years

## How are Air Medical Services Paid?

- 24% of transports drive **75% of reimbursement:**



\*Declining payor mix puts additional pressure on private insurance