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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/19
 SPONSOR Munoz LAST UPDATED 2/16/19 HB _____
 SHORT TITLE Air Ambulance Reimbursement SB 424/aSPAC
 ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$550.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Up to \$2,000.0	Up to \$2,000.0	Up to \$4,000.0	Recurring	Federal Medicaid Matching Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for the Medicaid program.
 Senate Bill 424 duplicates House Bill 402, Air Ambulance Reimbursement.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Human Services Department (HSD)
 UNM Health Sciences Center (UNMHSC)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 424 strikes the \$3 million FY20 general fund appropriation and reduces it to \$550 thousand.

Synopsis of Original Bill

Senate Bill 424 would appropriate \$3 million to the Human Services Department (HSD) to increase the Medicaid reimbursement for air ambulance providers.

FISCAL IMPLICATIONS

The bill would appropriate \$550 thousand from the general fund in FY20 for a recurring Medicaid rate increase for air ambulance providers. Any unexpended or unencumbered balance remaining at the end of FY20 would revert to the general fund.

HSD reports in 2018, there were 8,395 Medicaid recipients who received air ambulance services at a total cost of \$12,388,643. The funds in the bill would be eligible to receive federal Medicaid matching funds at an approximate rate of 72.6 percent, with the \$550 thousand appropriation generating up to an approximate \$2 million in federal funds totaling \$2,550.0 for increased air ambulance Medicaid reimbursement rates.

SIGNIFICANT ISSUES

HSD reports a rate study would be needed to determine appropriate and reasonable rates. All rates must be approved by the Centers for Medicare and Medicaid Services (CMS) through a State Plan Amendment (SPA). It is important to note that rates must be based on reasonable criteria and cannot exceed norms established by either the Medicare program or other state Medicaid programs, particularly in the southwest region.

OTHER SUBSTANTIVE ISSUES

In FY18, UNM Hospital's Lifeguard Air Ambulance Service billed \$5,068,027 to payers and received payments of \$2,398,128. Air ambulance services provides a critical, life-saving services, particularly in rural states like New Mexico. UNM Hospital's Lifeguard Air Emergency Services includes a fixed-wing aircraft, a dedicated neonatal aircraft, and a helicopter. Ambulances are most appropriate for critical trips under 30 miles, helicopters for trips under 100 miles, and fixed-wing planes for trips of more than 100 miles. Flights are staffed by emergency physicians, paramedics, and nurses with emergency room and critical care training. Lifeguard provides transportation for patients from critical neonates born at hospitals across the state, to trauma patients, to seriously ill medical patients who need higher levels of care. Critical trauma and other severely ill patients who receive treatment within an hour of presentation of their injury or symptoms stand a far higher chance of survival and recovery than those who do not, and air flight transport make this quick treatment possible in New Mexico.

RAE/sb/gb/al