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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/2020

SPONSOR Ramos/Gonzales LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Air Ambulance Reimbursement SB 233

ANALYST Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$3,540.0	\$3,540.0	\$7,080.0	Recurring	Federal Medicaid Matching Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act for the Medicaid program.  
Senate Bill 233 duplicates House Bill 323, Air Ambulance Reimbursement.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Bill 233 (SB233) would appropriate \$1 million to the Human Services Department (HSD) to increase the Medicaid reimbursement rates for air ambulance providers.

**FISCAL IMPLICATIONS**

SB233 would appropriate \$1 million from the general fund in FY21 for a recurring Medicaid rate increase for air ambulance providers. Any unexpended or unencumbered balance remaining at the end of FY21 would revert to the general fund.

HSD reports that in 2018 there were 6,525 Medicaid recipients who received air ambulance services at a total cost of \$14,021,943. The funds in the bill would be eligible to receive federal Medicaid matching funds with the \$1 million appropriation generating up to an approximate \$3.5 million in federal funds totaling approximately \$4,540.0 for increased air ambulance Medicaid reimbursement rates.

**SIGNIFICANT ISSUES**

HSD reports the data below provides current Medicaid reimbursement rates for air ambulance services compared with Medicare reimbursement rates for air ambulance services in other rural states. The Medicare rates below represent the most recent Medicare rates that were updated for 2020.

Code	Description	NM Medicaid Rate	Medicare Rate	NM Medicaid Rate as a Percentage of Medicare
A0430	Ambulance service, conventional air, 1-way (fixed wing)	\$1,836.38	\$3,147.91	58%
A0431	Ambulance service, conventional air, 1-way (rotary wing)	\$2,075.70	\$3,659.92	57%
A0435	Fixed wing air mileage, per statute mile	\$6.86/mile	\$8.93/mile	77%
A0436	Rotary wing air mileage, per statute mile	\$10.63/mile	\$23.83/mile	47%
A0999	Out-of-state transportation	Negotiated based on lowest bidder	N/A	N/A

HSD also provided data showing how current Medicaid reimbursement compares to Medicaid rates in other states in the Southwest region, including Oklahoma, Arizona, Colorado, Utah, Texas.

Code	NM rate	OK rate	AZ rate	CO rate	UT rate	TX rate
A0430	\$ 1,836.38	\$2,510.50	\$1,241.16	\$2,385.08	\$202.38	\$2,892.84
A0431	\$ 2,025.70	\$3,352.37	\$1,241.16	\$2,229.28	\$202.38	\$3,363.35
A0435	\$ 6.86/mile	\$7.69/mile	\$10.33/mile	\$7.62/mile	\$5.40/mile	\$10.82/mile
A0436	\$10.63/mile	\$23.39/mile	\$22.88/mile	\$10.25/mile	\$5.40/mile	\$21.88/mile

HSD would need to perform a rate study to determine appropriate and reasonable rates for air ambulance services based on the appropriation contained in the bill and the total Medicaid

matching funds available. All rates must be approved by the Centers for Medicare and Medicaid Services through a state plan amendment.

Below HSD calculated the increase in expenditures if the rates were set at 90 percent and 100 percent of the Medicare rates. The appropriation in the bill would be enough to raise the Medicaid rates to about 82 percent of the Medicare rates.

<b>Air Ambulance Services (\$000s)</b>	<b>Current Cost 2018</b>	<b>Increase to 82% of Medicare</b>	<b>Increase to 90% of Medicare</b>	<b>Increase to 100% of Medicare</b>
Increase in cost (SGF and Federal Medicaid Funds combined)	N/A	\$4,554.0	\$7,043.0	\$9,331.0
SGF Cost	N/A	\$1,000.0	\$1,989.0	\$2,636.0
Total Cost	\$14,022.0	\$18,576.0	\$21,065.0	\$23,353.0

Based on HSD’s calculations, the appropriation contained in the bill together with the federal Medicaid matching funds would total \$4.5 million resulting in an approximate 32 percent overall increase in air ambulance rates paid by the Medicaid program based on the cost in 2018 of \$14 million.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB233 is a duplicate bill with HB323, Air Ambulance Reimbursement.

**ADMINISTRATIVE IMPLICATIONS**

HSD indicates implementation of the provisions the bill would require:

- Performing a rate study to determine appropriate reimbursement levels for air ambulance services based on the appropriation and the amount of federal Medicaid matching funds;
- Implementing system changes in the Medicaid Management Information System (MMIS) and the Managed Care Organizations’ (MCOs’) IT systems to reflect the new rates; and
- Securing federal approval of a State Plan Amendment (SPA) with the new rates and rate methodology.

**OTHER SUBSTANTIVE ISSUES**

The Department of Health reports according to a study by the New Mexico Office of Superintendent of Insurance in January of 2017, the largest air ambulance company serving New Mexico reported that 78 percent of its flights were transports of patients with Medicaid, Medicare, or the uninsured.

The University of New Mexico Health Sciences Center previously reported that in FY18, UNM Hospital’s Lifeguard Air Ambulance Service billed \$5,0682,027 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/al