

Emergency Helicopter Services Montana

Summary

Payer	Mix	Collection Rate	
Self Pay	10%	3%	} 70% of transports pay less than cost
Medicaid	25%	9%	
Medicare	35%	22%	
Commercial / Other	30%	50-80%	} 30% must carry the burden *
TTL	100%		

* Across the country, most private insurance pay 90-100% of billed charges. The patient pays only their coinsurance and deductibles.

* In Montana, major insurance companies often pay 30-40% of billed charges. The patient pays most of the charge, plus their coinsurance and deductibles.

For: Montana Air Ambulance Coalition (MAAC)

Bill Bryant

Sierra Health Group

303-642-0396

**Emergency Helicopter
Cost Components
Fixed Costs**

Staffing

- Pilot Staffing (4)
- Mechanics (1-2)
- Flight Nurses (4)
- Flight Paramedics (4)
- Physician Medical Direction
- Base Manager
- Employee Benefits / insurance
- Recruitment costs
- Payroll taxes
- Uniforms
- Helmets
- Pagers/radios

Aircraft Equipment (Depreciation)

- Dedicated Helicopter
- Conversion to Air Ambulance
- FAA Safety Enhancements
- EMS/Hospital Radios
- Maintenance equipment
- Backup aircraft

ICU Medical Equipment

- Heart Monitor/defib/pacing
- Oxygen system
- Suction system
- Misc medical equip

Initial and Ongoing Training

- Pilot Simulator Time
- Aircraft flight time
- Medical Crew Training

Insurance

- Aircraft Liability
- Aircraft (hull) Replacement
- Medical Malpractice
- General umbrella

Hanger/Crew Quarters

- Hanger Rental
- Hanger Utilities
- Crew Quarters Rental
- Finish out and furnishing
- Telephone system
- Quarters Utilities
- Computers & Software
- Charting software
- Weather Software
- Misc. Office equipment

Misc.

- Non-Revenue Flight time (cancellations, etc.)
- Aircraft parts / fluids to be in ready supply

Allocated Overhead

- Admin Salaries, CEO, CFO, etc.
- Chief Pilot
- Chief Maintenance
- Support Staff
- Benefits for above
- Rent & Utilities
- Computer & office equipment
- Operational Control Center
- Communication Specialists
- Billing & Collection staff
- Human Resources / Payroll
- Legal
- Consultants
- Accounting
- Travel & Lodging
- Dues, subscriptions, office supplies, etc.
- Accreditation (CAAMS)

Total Annual Fixed Cost per Base \$ 3,000,000

Emergency Helicopter Variable Costs

Variable Costs per flight Hour

Fuel, Parts reserve/contract \$ 800

Variable Costs per flight

Medical Supplies \$ 150

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Emergency Fixed Wing Additional Fixed Costs

Note: This is an estimate of the additional fixed costs of adding an emergency FW to an existing emergency RW base with the infrastructure and medical crew staffing already in place.

Replacement Cost of Fixed Wing Aircraft Example: Pilatus PC12	\$	4,000,000		
Depreciated annual cost 15yrs with 25% Residual			\$	200,000
Insurance (hull and liability) 2.5% of hull value			\$	100,000
Hanger/Crew Quarters (month/annual) (in addition to RW hanger)	\$	3,000	\$	36,000
IFR Pilot salaries (4)	\$	90,000	\$	360,000
Annual IFR / NVG Pilot Training	\$	20,000	\$	80,000
Mechanic (1)	\$	70,000	\$	70,000
Benefits/taxes at 26%			\$	111,800
Misc. Equip, uniforms,			\$	10,000
		Total Annual	\$	967,800

**Emergency Air Ambulance
Hospital-Based Provider Costs**

Note: These are included as a reference only
Both Benefis and St. Vincent's have testified to the Committee
Both provide emergency RW and FW Services

Hospitals are required to submit annual cost reports to Medicare.
Ambulance services are one of the reported line items.
This may include RW, FW, and/or ground ambulance services.

The following "Total Costs" were reported on Worksheet C Part I
2014 is the most current year available.

		2014
Benefis Ambulance Total Costs	\$	7,184,211
St. Vincent Ambulance Total Costs	\$	8,296,216

Emergency Helicopter
Cost/Price

National Snapshot

Fixed Cost Annual	\$	3,000,000
Variable (wet) Cost/hr	\$	800
Volume		
Txpt per day		0.9
Annual TXPTS		328.5
Average Loaded Mileage		55
Average Hour/Flight		1.00
Annual Flight Hours		328.50
Medical Supplies per flight		\$150.00
TTL Supply Cost		\$49,275.00
Sub TTL Variable	\$	312,075
Total Annual Cost	\$	3,312,075

Average Total Charge \$ 40,000

Payer Mix					
Self Pay	10%	Flights	32.9	\$	Charges
Medicaid	25%		82.1	\$	1,314,000
Medicare	35%		115.0	\$	3,285,000
Commercial / Other	30%		98.6	\$	4,599,000
TTL	100%		328.5	\$	3,942,000
					13,140,000

Collections

Self Pay	Collection %	Collections
Montana Medicaid	3%	39,420

Base Rate	\$	1,635.55
Loaded Mile	\$	13.98
TTL Per Flight	\$	2,404.45
Medicare 50/50 rural/urban		6%
MT Base Rate	\$	4,370.94
MT Loaded Mile		28.46
TTL Per Flight	\$	5,936.24
Commercial / Other	\$	32,000
		80%
	\$	3,153,600

TTL Cash	\$	4,073,005	Net Revenue
Total Annual Cost	\$	3,312,075	31% Collection Rate
Margin	\$	760,930	
% of Gross Revenue		5.79%	

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Emergency Helicopter
Cost/Price

Fixed Cost Annual	\$	3,000,000
Variable (wet) Cost/hr	\$	800
Volume		
Txpt per day		0.9
Annual TXPTS		328.5

Average Loaded Mileage		76
Average Hour/Flight	1.40	
Annual Flight Hours	459.90	
Medical Supplies per flight	\$150.00	
TTL Suppl. Cost	\$49,275.00	
Sub TTL Variable	\$	417,195
Total Annual Cost	\$	3,417,195

Longer Average Flight

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National Snapshot - Montana Adjustments
*Longer distances, lower Insurance Payments

Average Total Charge \$ 40,000

Payer Mix				
Self Pay	10%	Flights	46.0	Charges
Medicaid	25%		115.0	\$ 1,839,600
Medicare	35%		161.0	\$ 4,599,000
Commercial / Other	30%		138.0	\$ 6,438,600
TTL	100%		459.9	\$ 5,518,800
				\$ 18,396,000

Collections

Self Pay	Collection %	Collections
Montana Medicaid	3%	\$ 55,188

Base Rate \$	1,635.55
Loaded Mile \$	13.98
TTL Per Flight \$	2,698.03
Medicare 50/50 rural/urban	7%
MT Base Rate \$	4,370.94
MT Loaded Mile	28.46
TTL Per Flight \$	6,533.90
Commercial / Other \$	16%
	20,000

Lower Insurance Reimbursement

TTL Cash	\$	2,759,400
Total Annual Cost	\$	4,176,523
Margin	\$	3,417,195
		759,328
% of Gross Revenue		4.13%

Emergency Helicopter
Cost/Price

Fixed Cost Annual	\$	3,000,000
Variable (wet) Cost/hr	\$	800
Volume		
Txpt per day		0.5
Annual TXPTS		182.5

Average Loaded Mileage		76
Average Hour/Flight		1.40
Annual Flight Hours		255.50
Medical Supplies per flight		\$150.00
TTL Supply Cost		\$27,375.00
Sub TTL Variable	\$	231,775
Total Annual Cost	\$	3,231,775

Longer Average Flight

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National Snapshot- Montana Adjustments

* Longer distances, lower Insurance Payments
** Demonstrates Impact of Lower Volume

Average Total Charge	\$	40,000
Payer Mix		
Self Pay	10%	
Medicaid	25%	
Medicare	35%	
Commercial / Other	30%	
TTL	100%	
Flights		
Self Pay	25.6	\$
Medicaid	63.9	\$
Medicare	89.4	\$
Commercial / Other	76.7	\$
TTL	255.5	\$
Charges		
Self Pay	1,022,000	
Medicaid	2,555,000	
Medicare	3,577,000	
Commercial / Other	3,066,000	
TTL	10,220,000	Gross Revenue

Collections		
Self Pay	Collection %	Collections
Montana Medicaid	3%	30,660

Base Rate	\$	1,635.55
Loaded Mile	\$	13.98
TTL Per Flight	\$	2,698.03
Medicare 50/50 rural/urban		
MT Base Rate	\$	4,370.94
MT Loaded Mile		28.46
TTL Per Flight	\$	6,533.90
Commercial / Other	\$	20,000

Lower Insurance Reimbursement

TTL Cash	\$	1,533,000
Total Annual Cost	\$	2,320,291
Margin	\$	3,231,775
% of Gross Revenue		-8.92%

Emergency Helicopter
Cost/Price

Fixed Cost Annual	\$	3,000,000
Variable (wet) Cost/hr	\$	800
Volume		547.5

Higher Volume

Txpt per day
Annual TXPTS

Average Loaded Mileage	76
Average Hour/Flight	1.40
Annual Flight Hours	766.50

Medical Supplies per flight	\$150.00
TTL Supply Cost	\$82,125.00
Sub TTL Variable	\$ 695,325
Total Annual Cost	\$ 3,695,325

Longer Average Flight

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National Snapshot- Montana Adjustments

* Longer distances, lower Insurance Payments
** Demonstrates Impact of High Volume

Average Total Charge \$ 40,000

Payer Mix	Flights	Charges
Self Pay	10%	3,066,000
Medicaid	25%	7,665,000
Medicare	35%	10,731,000
Commercial / Other	30%	9,198,000
TTL	100%	30,660,000

Collections

Self Pay	Collection %	Collections
Montana Medicaid	3%	91,980

Base Rate \$	1,635.55	
Loaded Mile \$	13.98	
TTL Per Flight \$	2,698.03	517,010
Medicare 50/50 rural/urban		
MT Base Rate \$	4,370.94	
MT Loaded Mile	28.46	
TTL Per Flight \$	6,533.90	1,752,882
Commercial / Other \$	20,000	4,599,000

Lower Insurance Reimbursement

TTL Cash	\$ 50%	\$ 4,599,000
Total Annual Cost		6,960,872
Margin		23% Collection Rate
		3,695,325
		3,265,547
% of Gross Revenue		10.65%

**Emergency Helicopter
Cost/Price**

Fixed Cost Annual	\$	3,000,000
Variable (wet) Cost/hr	\$	800
Lower Rural Volume		
Volume		
Txpt per day		0.5
Annual TXPTS		182.5
Average Loaded Mileage		76
Average Hour/Flight		1.40
Annual Flight Hours		255.50
Medical Supplies per flight		\$150.00
TTL Suppl. cost		\$27,375.00
Sub TTL Variable	\$	231,775
Total Annual Cost	\$	3,231,775

Longer Average Flight

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National Snapshot- Montana Adjustments

*Longer distances, lower Insurance Payments
**Demonstrates Impact of Lower Volume

Average Total Charge	\$	70,000
Payer Mix		
Self Pay	10%	
Medicaid	25%	
Medicare	35%	
Commercial / Other	30%	
TTL	100%	
Flights		
Self Pay	25.6	\$
Medicaid	63.9	\$
Medicare	89.4	\$
Commercial / Other	76.7	\$
TTL	255.5	\$
Charges		
Self Pay	1,788,500	
Medicaid	4,471,250	
Medicare	6,259,750	
Commercial / Other	5,365,500	
TTL	17,885,000	Gross Revenue

Solution #2
Increase Prices

Increases Balance Billing
Increases rates to other Insurance Co's

Collections

Self Pay		Collection %	3%	Collections	53,655
Montana Medicaid					
Base Rate	\$	1,635.55			
Loaded Mile	\$	13.98			
TTL Per Flight	\$	2,698.03	4%	\$	172,337
Medicare 50/50 rural/urban					
MT Base Rate	\$	4,370.94			
MT Loaded Mile		28.46			
TTL Per Flight	\$	6,533.90	9%	\$	584,294
Commercial / Other	\$	31,500.00			
TTL Cash	\$	45%		\$	2,414,475

Higher charges lowers the collection rate

% of Gross Revenue -0.04%

TTL Cash \$ 3,224,761 Net Revenue
Total Annual Cost \$ 3,231,775 18% Collection Rate
Margin \$ (7,014)