

Dear (Senator Tester, Senator Daines, Congressman Zinke):

The Economic Affairs Interim Committee (the EAIC) of the Montana Legislature has been studying air ambulance issues as directed under House Joint Resolution No. 29 from Montana's 2015 Legislature. The EAIC is concerned about the high costs that have been passed along by air ambulances to patients. The EAIC also recognizes the importance of air ambulances and the service that they provide, particularly in a rural state like Montana, where high adventure combines with high risk and vast distances between hospitals that can provide appropriate medical care.

The EAIC has been told as part of its study of air ambulances that the Airline Deregulation Act preempts any efforts to regulate air ambulance rates. The EAIC also has been told that Medicare reimbursement rates for air ambulances are inappropriately low in relation to costs experienced by air ambulance providers. The issue is complex in that many insurance companies use Medicare as a basis for their reimbursements. If those reimbursement levels are too high, insurance companies face greater outlays, which means higher premiums. If those reimbursement costs are too low, air ambulance providers may be unwilling to participate in an insurance network because by remaining out-of-network the air ambulance provider can charge the full price to a patient. In that case, the patient who already has suffered traumatically from an emergency or life-threatening illness also suffers economically, even while grateful to the air ambulance provider for helping to save the patient's life (if that is the outcome). If federal legislation related to air ambulances comes before one of your committees this session or in your future sessions, please consider the following actions:

- Revise the Airline Deregulation Act to allow rate setting regulation by states through insurance laws for air ambulances either as part of insurance networks or through guidelines that establish reasonable and customary billing or billing based on a percentage of Medicare;
- Revise the Airline Deregulation Act to prevent balance billing on truly emergency transports.
- Revise the Airline Deregulation Act to recognize that air ambulance providers that sell memberships may do so without preemption and may be regulated by the state, much as automobile clubs now are regulated; and
- Require more timely changes to Medicare reimbursement rates for air ambulances to keep up with medical inflation so that air ambulances are not cost-shifting to non-Medicare patients the cost of serving Medicare patients. This is one focus of H 822 currently before the House Energy and Commerce Committee.

Thank you for your consideration of these concepts. The HJR 29 study of air ambulances in Montana has shown that approximately 3,000 patients had to be transported in 2014 by air ambulances in or out of Montana. Not all of these patients had insurance, but of those that did, the impact fell not only on a patient who might have been balance-billed but on the employer's premiums and the insurer.

The EAIC recognizes the importance of regulation that treats all parties fairly in the high-cost environment of maintaining a 24-7 air ambulance that can help save lives. But having federal regulation that preempts efforts to provide reasonable controls through memberships or payment guidelines may, in Western terms, be giving too much rope to a situation and ultimately wind up in court. Your actions in Congress may help to bring more sanity to this situation. Thank you for your service.

Sincerely,

Economic Affairs Interim Committee