

Subject: FW: Air ambulance cost models

From: William Bryant
Sent: Tuesday, January 26, 2016 10:12 AM
To: Murdo, Patricia
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Pat,

I have reviewed the rest of the video's from the past air ambulance hearings, and have a few more observations for you to consider.

During much of the various testimony related to variances in air ambulance pricing and willingness to be a participating provider, there seems to be a co-mingling of three very different types of air ambulance services that may be confusing the discussion.

1. Emergency Helicopter Service
2. Non-Emergency Fixed Wing
3. Emergency Fixed Wing

All three of these types of air ambulance services have very different costs associated with staffing and operating them.

I think it might be helpful to the Committee to understand these differences. It is far more significant than focusing on membership programs.

Emergency Helicopter Services:

Helicopters or Rotary Wing (RW) aircraft are generally only used only for emergency medical transports, both from accident scenes and between hospitals. The emergency hospital-hospital transports are typically from small rural hospitals to larger tertiary care hospitals such as trauma centers. In general, they are dedicated emergency aircraft staffed 24/7/365 to respond to emergency requests within minutes of a request being made. Most are crewed with a pilot and two medical attendants, typically a specialty trained flight nurse and paramedic (CAMTS Accreditation). In order to comply with FAA duty hour requirements, a single emergency helicopter requires 4 full time pilots, 4 full time flight nurses, and 4 full time paramedics. These programs also have one or two dedicated mechanics who inspect the helicopter on a daily basis. Most of these programs also have at least a part time physician medical director, and some have specialty medical crews to deal with certain patient types such as premature neonatal patients.

I believe the Committee already heard testimony from physicians that when they need an emergency helicopter service, they need it immediately, and they are aware of what services are near them, and what their medical capabilities are.

A significant cost driver for an emergency RW service is the amount of bad debt they incur by transporting patients without any insurance, or where the insurance pays them less than the cost of providing the service. This is often the case with government payers (Medicare and Medicaid), and unfortunately becoming more common whereby the patient has health insurance, but the insurance company refuses to pay a fair market rate, leaving the patient with a large balance bill. At the time the emergency transportation is provided, it is usually not even known if the patient has any form of insurance.

Non-Emergency Fixed Wing

This is the complete opposite end of the spectrum in terms of costs. A notable difference for non-emergency FW services, is that they typically have zero bad debt, as they secure payment in advance of providing the service, just like with any other airline.

In most instances around the country, Fixed Wing (FW) air ambulances are not used for emergency responses, and they are not staffed to respond quickly. Consequently, non-emergency FW providers do not incur the same staffing costs as dedicated RW providers, as they usually have several hours or even days of advance notice before doing the transport. The pilots and medical crew are not stationed with the aircraft, and are only available on an as needed basis. It is common for these providers to not have any full time medical employees, but instead to establish a part time call list in the event they successfully bid on an air ambulance transport. In many cases the FW aircraft itself may not even be dedicated for air ambulance use, but may serve a dual purpose for the owners who can convert the aircraft between passenger seating or cargo and a stretcher for air ambulances when needed. When shopping for a non-emergency FW service for a transport the following day, the insurance companies are usually consulted by the hospital staff (discharge Planners) for a pre-approval, it is common for the insurance company or the hospital to seek bids from several air ambulance providers. As previously mentioned, these non-emergency fixed wing providers will not respond until someone has pre-authorized payment.

Each case is different, but while some non-emergency FW flights may still require a specialty medical crew (e.g. a neonatal team), most of these long distance non-emergency transports require little more than a stretcher and a single medical attendant. When these non-emergency transports are shopped between various non-emergency FW providers, the bid price from the providers can vary significantly based on a variety of factors, including the availability of an aircraft and on call crew, the type of aircraft needed for the distance (prop vs jet), and if they have any competing non air ambulance use for their aircraft. In general, the longer the lead time for the non-emergency transport, the more bids the insurance company can obtain, and the cheaper it can be purchased.

Because insurance companies are consulted in advance for these type of flights, and at least have the option to seek competitive bids, the issue of being “in-network” vs “out of network” is largely irrelevant.

Emergency Fixed Wing

This type of service is relatively unique to Montana and parts of other rural western states. In areas where there is no emergency helicopter service available and/or the distances required to transport patients to the appropriate level of care is beyond the typical range of a helicopter, some fixed wing providers have stepped up and staff their FW in a similar way as emergency helicopter services. When they do that, their costs go up accordingly, to the point where they are nearly at the same levels as emergency helicopter services.

Obviously fixed wing aircraft cannot land at the scene of an emergency, but there are some unusual areas (not sure about MT) where some emergency FW providers respond to prehospital emergencies by meeting the local ambulance service at an airfield before the patient is delivered to the hospital.

For emergency hospital-hospital transports, there is the added time and expense of having a ground ambulance transport the patient and medical crew to and from the airport on either end.

Obviously emergency helicopter services have many advantages over FW, in their ability to land directly at an accident scene and at the hospital. But they do come with a hefty cost, and their range is limited to about 100-150 miles, depending on the aircraft. Some rural communities simply do not have the flight volume or financial resources to afford a dedicated RW service, so they do the best they can with a FW service.

Emergency Fixed Wing / RW Combination

The most expensive business model of all is where the emergency air provider maintains a 24/7 Medical crew and flight a ready RW and a flight ready FW. Based on the distance of the flight and weather conditions, the medical crew chooses the appropriate aircraft.

This model effectively doubles the fixed costs of obtaining and maintaining the aircraft, and double the number of pilots required, as most pilots are qualified to fly only one type professionally.

I hope you and the Committee find this information helpful.

Regards,

Bill Bryant

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