

May 20, 2016

The Honorable Ryan Lynch, State Representative and Chairman Economic Affairs Interim Committee

Dear Chairman Lynch,

In advance of the upcoming discussions about air medical services, on behalf of Air Methods, I would like to provide you with additional information about our company and our industry. Air Methods operates 400 aircraft serving 48 states. Our highly trained clinical crews provide the highest level of care to the patients with the most traumatic injuries and severe illnesses in what is essentially a flying ICU. We have maintained CAMTS accreditation for many years and equip our aircraft with state-of-the-art aviation and safety technology.

Air ambulance is an expensive but rarely used service that is critical to communities, especially in rural areas such as Montana. Only 40.6% of the population in Montana can reach a Level I or II trauma center within the critical 60 minute "golden hour." Seeing the high balances that some insurers leave patients with is only a part of the story, especially to ensure access and viability of these programs in rural areas. We are required to transport all patients regardless of ability to pay or the type of insurance that they have. Indeed 7 out of 10 of our transports are patients covered by Medicare, Medicaid or uninsured. Therefore, these 7 transports fail to come anywhere close to covering the cost of our service to provide 24/7 service. This is especially the case in Montana where the rural population has a more significant Medicaid, Medicare and uninsured population.

To remain in service on a 24/7 basis, we have high costs of readiness that must be covered despite losing money on those 7 out of 10 transports. Our charges are based on our cost of doing business—which has high fixed expenses—and our anticipated collection rate, which is driven by our flight volume and payer mix, with only a modest margin. All of our emergency helicopter bases across the country are staffed around the clock with a pilot, flight nurse, and a flight paramedic. Emergency helicopter services save lives because they save time. They are able to respond within minutes to deliver a very highly trained medical team to the scene of an accident or to a rural hospital, and then transport that patient rapidly to a higher level of care at a more advanced hospital. Maintaining an aircraft, and staffing it for an emergency response 24/7 is an expensive undertaking. A typical annual cost to maintain and staff one rotor base is approximately \$3 million. In order to stay in business, air ambulance providers must charge enough, and collect enough to recover our expenses.

We have been watching recent developments in Montana and are deeply troubled by public statements from public officials that unfairly cast a bad light on providers who have to date chosen not to be “in-network” providers in the State of Montana. We are not opposed to being in-network with insurance carriers, but can only do that when we partner with an insurance carrier that will ensure reimbursement is sufficient to continue viability of our critical service in the community.

Where a particular carrier maintains dominance in a certain market, they often underpay claims for air ambulance, such as here in Montana. In fact, according to recent testimony and our own experience, BCBS Montana reimburses air ambulance rates at significantly below billed charges, and at the same low rates, regardless of network status. Their reimbursement level falls far below what the majority of insurance carriers reimburse us. When insurance companies reimburse providers at low rates such as this, it simply shifts the payment burden back to the patient in the form of high balance bills. The majority of our private insurance claims across the country are paid at full billed charges, minus only a patient’s copayment and deductible, leaving the patient with little to no responsibility for any balance. Unfortunately for your community, this is not the case with BCBS Montana.

In dramatic contrast is Montana, and it is perplexing to us how the dominant insurance carrier in Montana can – citing “allowable” rates – be permitted to pay such low rates. These rates are far below usual and customary rates that they are required to pay out-of-network providers pursuant to the Affordable Care Act. These underpayments dramatically increase the amounts the patients are forced to pay, inconsistent with the patient protection provisions of the Affordable Care Act.

If you have any questions or would like additional information about Air Methods or the information above, please don’t hesitate to contact me.

Sincerely,



Paul Webster
Vice President, Payer Strategy

CC: Jesse Laslovich, Chief Counsel MT State Auditor
Ms. Patricia Murdo, EAIC Lead Staff