

Supporting Testimony – EMS Finance & Reimbursement Challenges

Helping the Helpers: Supporting EMS in PA

Wednesday, April 20, 2022

First, thank you for the opportunity to be here today and discuss the current challenges facing Emergency Medical Services in Pennsylvania. My name is Eric Schmidt, and I am currently the Chief of Shaler Hampton EMS, serving 3 suburbs north of Pittsburgh. and have been so for a little more than 3 years. I am also the current Chair of the Allegheny County EMS Chief's, a component of the Allegheny County EMS Council. I have been an EMS provider since 1982, first as an EMT, but now and for the vast majority of those years as a Paramedic. I am honored to sit with several of my colleagues from other Allegheny County EMS agencies and collectively tell our story.

Although much of the data that I present today will be specific to Allegheny County, I believe that it translates well to much of the Commonwealth, with the exception of rural Pennsylvania EMS, who face the same challenges illustrated today, but to a much more significant degree. In total, the approximately 800 EMS agencies in Pennsylvania respond to more than 1.6 million emergencies each year, more than 4,300 per day.

In March of 2022 the Allegheny County EMS Chiefs conducted a survey of municipal funding to the 35 EMS agencies that currently provide emergency response to the 130 municipalities in Allegheny County, with 32 agencies responding (91.4%), representing 128 of 130 municipalities in the county (98.4%). Of the 32 responding agencies, 9 agencies (29%) that serve 44 communities (33.8 of the municipalities in Allegheny County), receive zero funding whatsoever from the communities that they serve. Below are two additional tables looking at per capita and percent of operating budget municipal contributions for Allegheny County, these funds are provided in both cash and services in kind, using a variety of different formulas.

Per Capita Municipal Contribution			% of Operating Budget Covered by Municipal Contribution		
Amount	# of Serv	%	Amount	# of Serv	%
0	9	29.0%	0%	9	29.0%
.01 - \$2.00	7	22.6%	.01-5%	10	32.3%
\$2 - \$5.00	7	22.6%	6-10%	6	19.4%
\$5.01 - \$10	5	16.1%	11-15%	3	9.7%
\$10 - \$20	2	6.5%	16-20%	0	0.0%
>\$20	1	3.2%	>20%	3	9.7%
	31	100.0%		31	100.0%

Clearly illustrated is the wide disparity in EMS funding practices within the county. Although a recruitment and retention issue also, from a financial perspective we clearly lose EMS providers to two significant areas, to become police officers and nurses, where the additional training is not that significant, but the increases in income are significant, and while they change careers, they still are able to take care of people. In the following examples I will use comparisons to our public safety partners in the police service, due to comparative data that is readily available. *I also want to be very clear that in no way is this meant to disparage police officers, they are valued partners in providing public safety and deserve what they earn.*

In our first example is a comparison between the starting and 5 year pay as an average for police from 3 communities, as compared to the pay for the EMS staff that serve the same three communities;

	Police Average	Medic Average	EMT Average
Starting	\$45,667	\$39,520	\$33,072
Year 5	\$86,174	\$52,000	\$39,520

As another means of comparison, the per capita contributions made by the 3 communities to their EMS agency is \$4.18, while the average per capita contribution to their 3 police departments is \$172.86, a multiple of more than 40. Bear in mind that by comparison this highlighted EMS agency receives a very high level of support from the 3 communities that they serve. Imagine the comparison to those municipalities that provide zero level funding to EMS, but almost universally have full time police departments that are 100% locally funded?

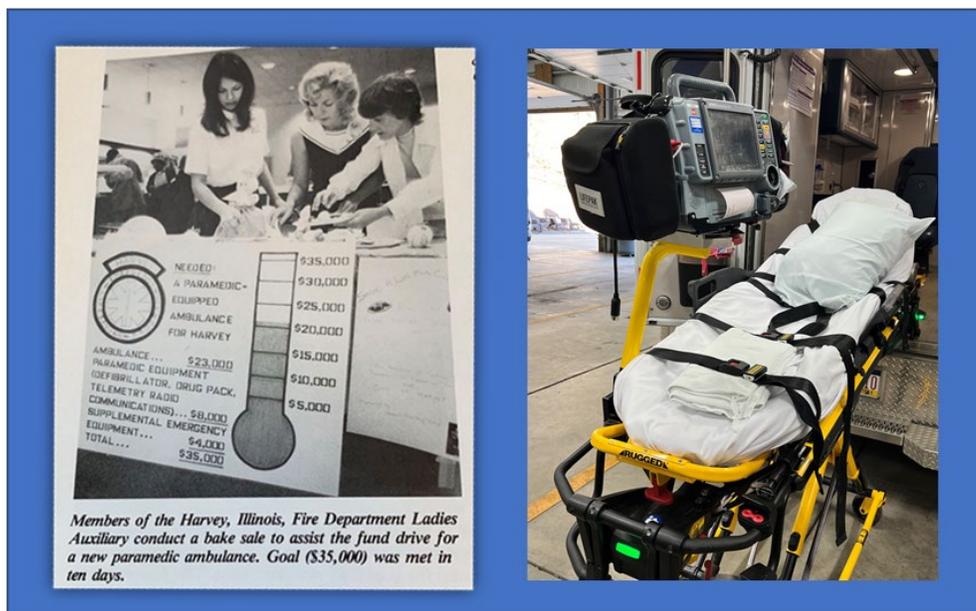
A common reason cited by municipal officials for not providing funding to EMS is because “EMS bills insurance and get paid.” The table below, is one year of actual data from one EMS agency, I would encourage any of you to please inquire with the EMS agencies in your legislative district to see how their numbers compare;

A 1 Year Billing Analysis for a Suburban PA EMS Agency
Total Dispatched Calls (12 Months) = 5,707
Total Billable Calls (12 Months) = 4,312
Calls without any revenue = 1,395
Average Payment from Insurance = \$343
Cost to put an ambulance out the door, per call = \$530
NET Deficit per call = \$187 or \$806,344 annually based on insurance payment alone
80% of all payors, pay significantly less than the cost of operations (\$530 per call) with the average NET from Medicare, Medicaid & Self Pay of \$253.

Figure 1 - Out the door cost = annual budget divided by total calls

Detail for the above data is attached to this report. The highlighted agency has the benefit of providing emergency service only, due to strong community support, while many (24 of 32 in Allegheny County or 75%), actively provide non-emergency transports to supplement their bottom line. But what happens when that agency is on a non-emergency transport and an emergency occurs in their service area? The answer is that the patient waits longer for care, maybe a few minutes, often more. In the “best case” scenario this means that maybe they just suffer pain longer than needed, or a senior citizen lays on the floor longer – in the “worst case” maybe the effects from their stroke are more severe, or their heart more damaged, or they die. At our core we are all care providers, and these are the things that keep us awake at night. Also of significant note are the 1,395 calls without any resulting revenue, these are fire standbys, community festivals, weather standbys, etc, that all create wear and tear on our equipment and staff, use gas, etc, with zero dollars returned. As one example. the #1 cause of firefighter deaths is cardiac arrest – we want to be there, we need to be there, but there is an underlying cost.

Certainly not to be forgotten is the expense side of the equation. We have just endured the 2 most extraordinary years in the 40 years that I have been in EMS due to the pandemic, and the expense increases have been substantial. Supplies previously used occasionally (masks, gowns, decon equipment, etc) we have used on every call and acquisition costs are many multiples of what they used to cost for already stretched budgets. Fuel costs per gallon have doubled for vehicles that get 10 miles per gallon or less. Capital costs have certainly grown as well with many unfunded mandates for expensive but necessary technology. Consider the pictures below, on the left is a fundraiser to buy a fully equipped advanced life support (ALS) ambulance (late 70's early 80's) for \$35,000 including the vehicle and all equipment, and on the right is a current cardiac monitor and a stretcher system, just 2 components of a modern-day ALS ambulance, each valued at \$35,000, total cost of acquisition including the vehicle and all required equipment can easily exceed \$300,000 per ambulance.



Solutions

Most of the challenges discussed today can at least be partially tied to EMS finance, so the solutions are improved financial support. Focus in this area will not only improve the long-term viability of the system, but also positively help to address recruitment and retention issues. The fastest and most logical solution is for local elected officials to recognize the vital service provided by EMS, and their ability to help build a robust EMS system for their communities, as their constituents are the direct beneficiaries of a quality EMS system. If you look at municipal budgets and tax dollars you will see significant funding for parks, roads, trash pickup, police, code enforcement, etc, with most of these services funded at 100%. Our needs are comparatively modest because we do derive significant income from insurance payments already. The days of EMS being provided at no cost to the communities that we serve must be behind us. There is also a need for state legislation to create a local funding mechanism or develop a state mechanism, but my concern is that this solution will take too long. All too often change comes only after a tragedy, and this has certainly already occurred in the Commonwealth, but with your assistance we can prompt change now to avoid future tragedies.

In closing, what we do best is care for the sick and injured, and we are certainly adept at stretching a dollar. We ask for and welcome your assistance in addressing the real and growing financial crisis facing the EMS system in Pennsylvania. Thank you!

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Average Payment from Insurance = \$343

Cost to put an ambulance out the door, per call = \$530

**NET Deficit per call = \$187 or \$806,344 annually
based on insurance payment alone**

*80% of all payors, pay significantly less than the cost of operations (\$530 per call)
with the average NET from Medicare, Medicaid & Self Pay of \$253.*

All tables below are based on 4,312 Billable Calls in 12 Months

Medicare (13.9% of Calls)			
	Amount	Calls	Total
BLS	\$371	238	\$88,298
ALS	\$467	344	\$160,648
ALS 2	\$638	6	\$3,828
TNT/Lift Assist	\$78	10	\$777
Total Calls		598	\$253,551
Avg Per Call		\$424.00	

Medicare HMO (42.1% of Calls)			
	Amount	Calls	Total
BLS	\$310	489	\$151,590
ALS	\$395	1098	\$433,710
ALS 2	\$534	20	\$10,680
TNT/Lift Assist	\$55	208	\$11,440
Total Calls		1815	\$607,420
Avg Per Call		\$334.67	

Medicaid & Medicaid HMO (11% of Calls)			
	Amount	Calls	Total
BLS	\$180	148	\$26,640
ALS	\$300	219	\$65,700
ALS 2			\$0
TNT/Lift Assist	\$45	109	\$4,905
Total Calls		476	\$97,245
Avg Per Call		\$204.30	

Self Pay (13% of Calls)			
	Amount	Calls	Total
BLS	\$14	37	\$522
ALS	\$137	51	\$6,987
ALS 2	\$909	4	\$3,636
TNT/Lift Assist	\$36	469	\$16,884
Total Calls		561	\$28,029
Avg Per Call		\$49.96	

All Other Payors (20% of Calls)			
	Amount	Calls	Total
BLS	\$547	170	\$92,917
ALS	\$909	537	\$488,364
ALS 2	\$781	13	\$10,159
TNT/Lift Assist	\$83	142	\$11,766
Total Calls		862	\$603,206
Avg Per Call		\$699.77	