



# **ARC Project Activities EMS Mileage Fee**

**Administration & Regulatory Affairs Department and Finance Department**

**Budget & Fiscal Affairs Committee**

**April 19, 2012**

# ARC Project Activities – EMS Mileage Fee

**Background:** On November 16, 2010, a proposal was brought forward to increase the base EMS transport to \$1,000 and also retain the variable EMS mileage fee.

In an effort to bring EMS transport fees in line with the cost of service, council approved a revision to Section 4-13 that raised the base EMS transport to \$1,000. However, at the same time, the previous mileage fee was also eliminated.



# ARC Project Activities – EMS Mileage Fee

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**Objective:** To reinstate a mileage fee at \$13 per mile to offset the cost of transporting patients.



# Mileage Fee Cost of Service

Direct Costs	Cost
<b>Ambulance Transport Costs</b>	
Vehicle Depreciation \$	\$ 2,295,556.34
Vehicle Maintenance \$ (Avg FY09-11)	\$ 1,143,430.01
Module Maintenance \$	\$ 27,257.50
Unleaded Fuel \$ (Avg FY 09-10)	\$ 1,533,087.08
Diesel Fuel \$ (Avg FY 09-10)	\$ 93,303.64
Insurance \$	\$ 500,000.00
<b>Subtotal</b>	<b>\$ 5,592,634.57</b>
<b>Fire Suppression Support Costs</b>	
Fire Suppression Ambulance Support %	34%
Vehicle Depreciation	\$ 2,141,564.31
Vehicle Maintenance (Avg FY 09-11)	\$ 890,362.34
Unleaded Fuel \$ (Avg FY 09-10)	\$ 6,662.53
Diesel Fuel \$ (Avg FY 09-10)	\$ 190,917.30
<b>Subtotal</b>	<b>\$ 3,229,506.47</b>
<b>Total Transport Costs</b>	<b>\$ 8,822,141.05</b>

Mileage Fee Calculation	Cost
<b>Total Cost</b>	<b>\$ 8,822,141.05</b>
<b>Miles Traveled (Avg FY 09-10)</b>	<b>738,052</b>
<b>Cost Per Mile</b>	<b>\$ 11.95</b>
<b>ACS Billing and Collections Charge</b>	<b>10.8%</b>
<b>Total Cost Per Mile</b>	<b>\$ 13.24</b>



# EMS Payments: Who pays?

CY 2010-2011

Distribution of Payments		
Payer Type	Transports	%
Medicare	35,702	27%
Medicaid	19,140	15%
Private Insurance	13,494	10%
Self-Pay	3,672	3%
Uninsured, denied, and Nixies (No Payment)	59,129	45%



# Payment Structure

*Each of the different types of payers has a different structure*

Primary Payer	Transports	Average Miles	Allowed Rate	Total Mileage Charge
Medicare	35,702	5.5	\$5.50	\$1,079,985
Medicaid	19,140	5.5	\$5.01	\$527,402
Private Insurance	13,494	5.5	\$13.00	\$964,821
Self-Pay	3,672	5.5	\$13.00	<u>\$157,528</u>
				<b>\$2,729,737</b>



# Reasons to Reinstate a Mileage Fee

**Loss of Revenue:** All insurance programs, including Medicare and Medicaid, pay mileage as a separate item. By not charging a mileage fee, the City forfeits its right to about \$2.7M per year.

**Taxpayer Burden:** Reduces the burden on the Houston taxpayer with each reimbursement from Medicare, Medicaid, and Private Insurance which helps offset the cost of transporting a patient.

