

MONTGOMERY COUNTY EMERGENCY MEDICAL TRANSPORT (AMBULANCE) FEE

In May 1992 the League of Women Voters of Montgomery County (LWVMC) adopted a position in opposition to the imposition of ambulance transport fees by Montgomery County. In the face of changing circumstances, the League voted to restudy the issue at its May 2010 Annual Meeting.

Although there were several proposals for a fee between 2003 and 2009, with County Executive Ike Leggett introducing some of these proposals, the County Council did not take action on them. However, on May 20 of this year, the council passed a law instituting an emergency medical transport (ambulance) fee by a 5-4 vote. While representatives of volunteer firefighters from both Fairfax and Frederick Counties testified in favor of ambulance fees, at the hearings before the vote the fee was strongly opposed by the Montgomery County Volunteer Fire/ Rescue Association and some others. Shortly thereafter, the county's volunteer association began a petition drive to have the issue voted on by referendum at the November 2010 General Election. At the time of the writing of this Fact Sheet, the requisite number of signatures has been reported (but not yet verified) to be sufficient to ensure that this referendum takes place. [In August 2010 the Montgomery County Board of Elections rejected the petition because of an insufficiency of proper signatures. The petitioners have the right to appeal this decision to the courts.]

BACKGROUND

Overall Scope

The Montgomery County Fire and Rescue Service (MCFRS), or fire department, is a full-spectrum, life-safety agency covering the approximately 500 square miles and one million people in Montgomery County. The service consists of a central administration headed by the fire chief and 19 local fire and rescue companies. The county emergency communication center, as well as such functions as training, oversight of operations, equipment purchase and maintenance, and risk reduction are administered at the department level. The department also provides almost all career (paid) personnel.

In fiscal year '09 (the most recent with available statistics), the fire service employed approximately 1,165 emergency personnel and 109 administrative and technical personnel. There were 832 volunteer emergency personnel, some more active than others. Of the 237,735 calls handled by the 911 call center, 105,735 were emergency calls, and 77,646, or 73% of those, requested medical assistance. Approximately 55,000 people were actually transported.

Types of Staffing

The local fire and rescue companies recruit and provide volunteers for the department and raise funds from the community to support the volunteers and, to some degree, to provide needed equipment. At one end of the spectrum is the Bethesda-Chevy Chase Rescue Squad (BCC), which raises close to \$2 million a year from the area it serves. It is able to pay for ten paid staff (i.e., career firefighters) for weekdays as well as staffing nights, weekends and holidays with volunteers. Other companies operate with a much greater proportion of county-paid staff, along with more modest numbers of volunteers while some fire/rescue stations, especially new ones, are staffed entirely by paid county employees.

Whether volunteer or career, all firefighters and emergency medical service personnel receive the same level of training. Department policy requires that 35 "seats" across the county be filled with volunteers on nights, weekends and holidays. Since most volunteers work one night a week or month and one weekend a month, a large volunteer force is needed to fill these seats.

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Budget and Fundraising

The budget for the fire service for FY 11, including an anticipated net of about \$13 million in ambulance fees, is about \$194 million. This does not include any of the funds locally raised by volunteers and spent by the local fire companies. Such locally raised funds are not tracked or audited by the county (other than for county funds and state grants), so we don't know exactly how much the county spends overall for fire and rescue service.

The Bethesda-Chevy Chase Rescue Squad estimates on its website that its volunteers' services are worth \$3 million in addition to the \$2 million they raise. Other fire companies do not publish this information on their websites. The county's FY 11 budget for fire and rescue, even including the anticipated ambulance fees, is slightly below the FY10 budget. The decrease results from furloughs, deferral of a recruit class, elimination of pay raises and a reduction in full-time positions. According to department personnel, one ambulance and one hook and ladder truck, along with 23 positions, have had to be removed from service as a result of the FY 11 budget cuts.

The County Fire Tax

This is an artifact left over from the days when different parts of the county paid different amounts that depended on the amount of fire protections and medical services they received. Today the tax is assessed equally countywide and is not identified separately on property tax bills. It is calculated to yield an amount that the council believes sufficient to support the management of the fire service, the purchase (including debt service) of equipment, and support for the local fire companies. It must be levied and collected exactly in the manner of other property taxes. It provides a little over 90% of the funding for the MCFRS budget. It and fees, fines, etc. collected by the fire department are placed in the fire tax fund and are then appropriated for the various uses of the fire service. Generally, a balance of around \$7 million is carried in the fire tax fund to cover emergency items that may arise during the year since the county self insures for both property and equipment. As part of the property tax, the fire tax falls under the same charter cap as the rest of the property tax; per a referendum requirement passed two years ago, any increase above the cap requires a 9-0 vote of the council.

THE MONTGOMERY COUNTY EMERGENCY MEDICAL SERVICES TRANSPORT (AMBULANCE) FEE

The fees imposed by the County Council and the conditions relating to imposition and collection of the fees were enacted in Act Number 13-10 [see http://www.montgomerycountymd.gov/content/council/pdf/bill/2010/20100519_13-10a.pdf] and the accompanying Resolution #16-1363 [see http://www.montgomerycountymd.gov/content/council/pdf/res/2010/20100520_16-1363.pdf]. They must need to be read together since 16-1363 consists of the regulations that govern the implementation of the fee. The act can be found in Chapter 21 of the Montgomery County Code Sections 21-23A Emergency Medical Services Transport Fee.

How the Fee Will Impact Individuals

In order to meet Medicare and Medicaid standards for payment, any ambulance fee must be applicable to all who receive that service. However, under Montgomery County law and regulations, the fee for county residents will be billed only to Medicare, Medicaid and the insurance companies of those who are covered by private insurance; the fee for uninsured county residents and any deductible for those with insurance will be deemed to have been covered by their payment of the fire tax (either directly as part of their property tax or, for renters, indirectly as a component of their rent). For non-county residents, the fee will be billed to Medicare, Medicaid or their private insurance; fees for uninsured non-county residents and any deductibles for non-county residents will be billed directly to those individuals since they do not pay the fire tax. However, information about the process for requesting a waiver will be provided with such bills. Those with incomes below 300% of the poverty level (about \$56,000 for a family of three) must have their fees waived. Those above 300% may have their fees waived at the discretion of the fire chief.

No Questions Asked

The fire and rescue service must provide emergency medical transport services in accordance with medical protocols regardless of the patient's ability to pay. In fact, emergency personnel **will not ask the patient if he or she is insured** when they answer a call. Insurance information routinely collected by the receiving hospital will be shared with the county, under an existing electronic patient-care reporting system. The single form the patient signs at the hospital authorizing patient-care partners (hospital, surgeon, anesthesiologist, etc.) to bill their insurance company will also enable the county to bill for ambulance service.

Use and Amount of Fees

Section 21-23A also requires that the fees be used to "supplement" rather than "supplant" the budget of the MCFRS except in the first year. Since the county is already planning to open four new fire stations and is anticipating the need for others in the near future, these additional funds will be needed to equip and staff them as well as to replace current equipment as it wears out. In this first year the intended use of the fees during this tight budget year is to supplant (replace) some of the budgeted costs of the department.

Executive Regulation 6-10AM, Emergency Service Transport Fees spells out the fees and some related administrative details. The fees are to be imposed according to the following schedule:

\$8.50 per mile, one way, from point of pick-up to the health-care facility; plus	
Basic Life Support Non-Emergency	\$300
Basic Life Support Emergency	\$400
Advanced Life Support – Level 1 – Non-Emergency	\$350
Advanced Life Support – Level 1 – Emergency	\$500
Advanced Life Support – Level 2	\$700
Specialty Care Transport	\$800

The definitions above are defined in 42 CRS Parts 410 and 414 (Federal Regulations).

The fees are based on a mark-up of Medicare rates to those typically paid by private insurers. The fire chief may increase the fees annually by the amount of the ambulance inflation factor as published by the Centers for Medicare and Medicaid Services of the U.S. Dept. of Health and Human Services. Since these fees are transport fees, there will continue to be no charge for service provided that it does not involve transport (e.g., assisting a person who has fallen and can't get up).

Plans call for contracting the actual data collection, billing to insurance companies and fees collections to a company that specializes in this field (and that currently has a contract with Fairfax County, VA). According to the U. S. Census Bureau, Montgomery County's rate of uninsured was 14.7% in 2007.

Service Impacts

It is estimated that the fees will generate approximately \$14.1 million in the first year, with implementation costs of \$1.2 million that will then drop to about \$1 million thereafter. The additional implementation costs in the first year are designated for a public information campaign. In future years, \$8 million of the fees collected would be assigned to try to catch up with the equipment replacement program. Right now, the department has fallen two years behind that plan because of lack of funding. In interviews, county staff emphasized that whenever staffing and equipment are insufficient, response times increase, resulting in poorer care and protection.

Important Dates

The act and regulations become effective on August 20, 2010, which is 90 days after passage. This is also the final date for submission of signatures (approximately 30,000 good signatures are required) for a referendum. If there are sufficient signatures – as appears likely -- implementation of the fees will be suspended until after the November 2 General Election. If the referendum does not pass (i.e., if the law takes effect) the fire service is authorized to bill retroactively to July 1, 2010.

OTHER JURISDICTIONS

It is estimated that about 75% of the jurisdictions nationwide that provide ambulance service already charge fees. In Maryland, only Baltimore County, Howard County, St. Mary's County, Calvert County and, pending the referendum, Montgomery County do not charge fees. Many jurisdictions in Northern Virginia also charge ambulance fees, as does the District of Columbia. When the surrounding jurisdictions that have fees provide ambulance service to Montgomery County residents on a mutual aid basis inside the county or transport them to nearby hospitals outside Montgomery County, they charge county residents fees for the service. This will continue regardless of the fate of the referendum.

We looked in some detail at three nearby counties that have adopted ambulance fees in the recent past – Frederick, Fairfax and Anne Arundel.

Fairfax County adopted its ambulance fee in 2005. Its fees are:

Basic Life Support	\$500
Advanced Life Support	\$675

and are based on what insurance companies are generally willing to pay. Billing and collection are contracted out. Just as is proposed in Montgomery County, insurance information in Fairfax is obtained from the hospitals to which patients are transported. People with no health insurance are billed but are also provided with information on how to request a waiver. According to the U.S. Census, 15.1% of Fairfax residents were uninsured in 2007.

No Call Reductions, No Drop in Volunteers

Fairfax fire officials stated that there was no reduction in calls in the year or so after the fees were implemented. There was an increase in calls consistent with the increase in population. However, they cannot document this increase precisely because some data were lost in the process of instituting a new system. Implementation was preceded by a major public information outreach emphasizing that no one would be denied service and no one would be forced to pay if not able to do so. The waiver request form does not request either Social Security numbers or immigration status.

Fairfax County has both career and volunteer fire and rescue personnel; all have at least basic EMT training. Officials say that there was no fall-off in volunteers after the implementation of the fee.

Anne Arundel County's ambulance fee was adopted in 2008 and was activated in October 2009. It is a flat fee of \$500 regardless of the type of call. Residents of Anne Arundel do not receive a bill. The county does not expect uninsured residents to pay anything, but all out-of-county residents receiving ambulance transport are billed. Anne Arundel officials believe that an overwhelming number of its residents have health insurance. They say that there has been no reduction in calls – in fact calls have increased, reflecting again an increased population. We are not aware of any other nearby county that uses the model in which ambulance fees are collected only from residents with health insurance.

As in Fairfax County, Anne Arundel conducted an extensive community education program before implementing the ambulance fees. This included six months of programs on Anne Arundel cable, information sessions at senior centers, speakers at community associations and a half-page ad in an Anne Arundel newspaper.

Anne Arundel has 832 career firefighters and 500 volunteers. It has not seen a decrease in the number of volunteers and believes that the volunteers have a positive attitude toward the ambulance fee program.

In 2003 Frederick County began assessing residents and non-residents a user fee for ambulance transport. It was adopted to raise funds to cover the cost of providing ambulance service. Prior to this, the county's fire tax was the primary source of funding for training, uniforms, apparatus and other operating expenses. Since

adoption of the ambulance transport fee, the county's fire tax has declined, and fire departments have been able to upgrade the necessary supports to their service and in some cases purchase new equipment. In Frederick County, the ambulance fees are:

Basic Service	\$420
Advanced Life Support 1	\$600
Advanced Life Support 2	\$700
\$10.00 per mile.	

Rates are based on "reasonable rates" as acceptable to insurance companies for medically necessary transport.

The primary source of revenue for the ambulance transport fee is the patient's health insurance. Sometimes insurance companies require co-pays and deductibles, and to avoid these charges, and for uninsured residents, people may purchase an ambulance subscription club membership. Ambulance subscription fees are:

People over 60	\$15/year
People under 50	\$25/year
Households	\$50/year.

To pay the ambulance fees, insurance companies are billed, subscriber club membership is accessed, and if a balance is left, the patient is billed. Uninsured persons not covered through subscription club membership, and non-residents are billed directly. There is no hard billing and no collection of unpaid fees. The county contracts with a private company to bill for ambulance services.

Frederick County ambulance services are provided by volunteers and career (county-paid) employees. The funds that are collected under the ambulance fee program are distributed based on the percentage of coverage by volunteers and career employees. Frederick County has not seen a decrease in the number of volunteers as a result of the ambulance fee program. Nor has it seen a reduction in the number of calls for ambulance service.

Frederick County officials stressed the importance of a widespread public education program beginning prior to implementation of a fee program—not only for the public, but also for the firefighters and medical personnel involved in the service.

ARGUMENTS IN FAVOR OF AN AMBULANCE FEE

The County Has Revenue Shortfalls

The primary argument in favor of adoption of an ambulance fee for Montgomery County is the fiscal crisis that the county is facing. Because of significantly declining revenues, the county has been forced to cut back in almost all of its areas of operation. According to the County Executive's introduction to the FY 11 budget, the county faced a shortfall of \$200 million in FY 08, one of \$401 million in FY 09, one of \$590 million in '10 and \$780 million in FY 11. To close these gaps, the county has imposed a hiring freeze, abolished many positions mostly through attrition and retirement buyouts, abolished employees' wage increases and required furloughs of county employees along with other measures.

As stated above, the Montgomery County Fire and Rescue Service (MCFRS) has already had to take rather large budget reductions for the coming year. It was recently asked to provide information to the Office of Management and Budget as to the impact of the elimination of the ambulance fee from the FY 11 budget in case voters vote it down in the November referendum. We have been told that five engine companies, five ambulances and two ladder trucks with their accompanying personnel would have to be put out of service. According to department officials, this could lead to an increase in response times by 2-3 minutes. While it is not certain at this time that all of the budget reduction would affect the MCFRS, the \$13 million will have to come from some place in county government.

Since most Montgomery County residents have insurance that will cover ambulance fees, supporters say that we are "leaving money on the table" by not charging for ambulance transport.

Most Jurisdictions Charge Ambulance Fees

Supporters of the fee point to the fact that most other jurisdictions do charge ambulance fees and that, anecdotally, there has been little effect on the number of calls for ambulance service that they receive.

Insurance Premiums Predicted to Rise Little if at All

Since most insurance companies set their fees on a regional basis and most of the jurisdictions in the Metro area and in Maryland already charge the fee, ambulance fees are believed to have already been built into the insurance companies' rate bases, and therefore should have little or no impact on Montgomery County rates. Medicare sets its rates on a national basis.

Union and Other Support for Ambulance Fees

Many Montgomery County employees' unions have expressed their support for the ambulance transport fee, including Local 1664 Montgomery County Career Firefighters. According to the local's president, the union's support for the fee was based on the following conditions: Firefighters don't have to know if patients are insured; in discussions with the company which provides health insurance to the firefighters, they were told that their rates would not increase since rates were set for the state as a whole; and the fees collected would stay in the fire service. They believe that these conditions have been met.

Both *The Washington Post* and *The Montgomery County Gazette* have endorsed the fees.

ARGUMENTS IN OPPOSITION TO AN AMBULANCE FEE

There seem to be two types of objections to the imposition of an ambulance fee. One is theoretical or philosophical, and the other more practical.

Ambulance Service Is a Service that Government Should Provide

There are many who argue that the ambulance service is no different from any other essential government service and thus should not be charged for. We don't charge for police service, to have fires put out, for schools, etc.

Volunteers Provide Ambulance Service for Free

The volunteers feel particularly strongly on this issue since they provide their services for free. They find it offensive to have the county charge for their services and say that charging for something donated is not morally right.

People May Hesitate to Call for an Ambulance

One of the major arguments of the opponents is that people would hesitate to call an ambulance if they knew that ambulance fees were in place. They have quoted a number of surveys and studies in which people were asked if they would delay calling an ambulance due to the cost involved. Many respondents said that it would be one factor that could affect their decision. However, it isn't clear that any of the surveys quoted made clear to the respondents that they would not be billed if they did not have health insurance.

An analysis of Fairfax County data was done by the volunteer firemen based on the number of EMS calls per 1,000 residents from 2001 - 2008. It shows that calls per 1,000 residents were dropping before the implementation of ambulance fees in 2005, and that calls per 1,000 residents continued to drop but at a higher rate after 2005.

There Could be Fewer Volunteers

Opponents suggest that there will be a drop-off in the number of volunteers because they will not want to serve if their services are being charged for.

Voluntary Donations to Fire and Rescue Companies Could Decrease

There is a concern that people in the community will be less inclined to contribute to their local fire and rescue companies if they are being charged for ambulance service. As a result, at least some portion of the proceeds from the ambulance fee could be eaten up by replacing the lost income of the local companies.

Related to those potential lost revenues, we have heard from both sides that there were lengthy negotiations between the volunteers and fire service management about a possible revenue-sharing agreement for the anticipated income from ambulance fees, but that they were unable to reach any agreement.

Other County Resources Could Be Available

Opponents point to the fire tax, something that very few communities have, and suggest that it would be more efficient to raise the fire tax rather than to implement ambulance fees. Others suggest that other budget items could be more thoroughly scrutinized to find additional sources of funding for county services.

Major Opponents

Major opponents include the Montgomery Volunteer Fire/Rescue Association and the Bethesda/Chevy Chase Chamber of Commerce.

CONCLUSION

As suggested above, there seem to be no studies that clearly document the impact of ambulance fees on calls for emergency transport, especially none that deal with a situation in which no residents are billed for such fees and that fact has been widely explained. If calls were to decline after the implementation of a fee in Montgomery County, we would need more detailed data than are currently available to determine the cause. For example, was the decline limited to non-emergency transport? Was the decline due to developments in medical care? (A recent edition of the *Harvard Health Letter* notes a 24% drop in hospitalizations for heart attacks from 1999-2008.)

Things to Consider When Preparing for our Discussions at Unit Meetings in September

Is the use of ambulance fees ever justified? Are they an appropriate way to raise revenue for government? Are there some times when they are appropriate? If appropriate, how should they be structured?

We thank all of the people who made themselves available to us on relatively short notice to provide information, background and insight into this difficult problem.

CONSENSUS QUESTIONS

1. Should Montgomery County have an emergency transport fee? Why or why not?
2. If Montgomery County establishes an emergency transport fee, what provisions should or should not be in it?

Committee Members: Barbara Hankins, chair; Sylvia Eidlin, Terry Gnezda, Judy Morenoff, Alyce Ortuzar, Linda Silversmith

Resulting Positions:

Support for an emergency transport fee providing it contains at least the following components (2010):

- a) an extensive public education program
- b) provisions for tracking and evaluation of the program
- c) clear description of the fee structure and distribution of monies
- d) care and transportation without regard to income or insurance
- e) waivers for those unable to pay fees.