


**CONFIRE**

## STAFF REPORT

**DATE:** July 24, 2025  
**FROM:** Joe Barna   
EMS Subcommittee Chair  
**TO:** CONFIRE EMS Subcommittee

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**SUBJECT: FEDERAL LEGISLATION IMPACTS ON GEMT**

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Recent federal legislation, known as the "Big Beautiful Bill" (HR1), introduces new rules related to Medicaid provider taxes, managed care payment limits, and Medicaid enrollment oversight. While these provisions target national Medicaid financing practices, several elements may indirectly affect ground ambulance operations in California, particularly through their impact on hospitals, payer mix, and future EMS funding models.

Most importantly, California's Ground Emergency Medical Transportation (GEMT) program is currently not directly affected by the new provider tax amendments. GEMT is funded through certified public expenditures (CPEs) and intergovernmental transfers (IGTs), not provider taxes. Therefore, its structure remains compliant and sustainable under the new rules. There is no language in HR1 that eliminates or phases out GEMT; the program remains authorized and operational under current CMS approvals.

However, changes to Medicaid managed care "State Directed Payments" (SDPs) could affect hospitals that rely on these supplemental payments. A new cap at 100% of Medicare rates may reduce hospital revenue, especially for safety-net emergency departments. This could translate into reduced ED staffing and bed capacity, worsening patient throughput, and contributing to prolonged ambulance patient offload times, which in turn reduce unit availability and impact EMS system performance.

HR1's changes to Medicaid eligibility and fraud prevention are expected to reduce Medi-Cal enrollment. Based on our estimated 911 and IFT transport payer mix, Medi-Cal trips are projected to decline from 36.8% to 32.2%. Commercial and private pay volumes would increase, shifting our revenue sources. With Medi-Cal GEMT reimbursement remaining status quo, the conservative net financial impact for the CONFIRE ambulance service is a gain of approximately \$3 million annually, representing a 1.7% increase, primarily due to the growth in higher-paying commercial transports. However, this also increases exposure to less reliable private pay collections.

As an aside, Assembly Bill 1328, currently under consideration in the California Legislature, provides an opportunity to stabilize Medi-Cal reimbursement for non-emergency IFT transports for Medi-Cal patients. The bill authorizes DHCS to align Medi-Cal reimbursement rates for ambulance transports with the Medicare ambulance fee schedule, including geographic adjustments. If implemented and funded through the state budget, this would significantly

increase Medi-Cal payments for interfacility transports (IFTs), which are primarily reimbursed through fee-for-service and managed care. AB 1328 would improve revenue consistency and reduce cost-shifting burdens.

Recommended mitigation strategies include strengthening alternative destination protocols, expanding ECNS triage, exploring alternative transportation options, continuing to advocate for AB 1328, and contracting with care plans and hospitals for payer-of-last-resort programs.

Staff will continue to monitor both federal and state-level developments to ensure that CONFIRE EMS's financial viability and operational readiness remain protected.