



# Watertown Fire Department

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## MEMO

TO: Finance Committee  
FROM: Fire Chief  
DATE: April 10, 2023  
RE: Review & Approve Ambulance Billing Rates

### HISTORY

The Watertown Fire Department provides Emergency Medical Services (EMS) to the City of Watertown and surrounding area. The department bills for EMS calls to offset some of the cost for providing this service. Most of these costs are paid by the patients' medical insurance provider. **Revenue from EMS billing is calculated as income in the fire departments yearly budget, in 2023 this amount was \$870,000.** The last time the EMS rates were adjusted was in 2020.

The majority of our payer mix, (81 %) is made up of Medicare and Medicaid covered patients. Reimbursement for Medicare and Medicaid EMS Calls are set according to a fee schedule established by federal and state government. These reimbursements are set at fixed amounts and result in lower payments than what is billed.

In working with our current EMS billing Company, the fire department obtained a rate survey of surrounding EMS agencies. The municipalities in comparison pool, provided by the billing company, operate in the Southeastern EMS Region, and have their current rates listed. **The City of Watertown had the lowest rates in the area and the EMS Billing Company has recommended raising the current EMS billing rates,** their recommendations are attached.

Historically, EMS rates have been billed at two different prices, resident vs non-resident, for each level of care. The general assumption was..... since taxpayers subsidizes the service they should be billed at a lower rate. This thinking originated in a time when most insurance carries did not cover the cost of an ambulance transport. Today, billing companies are trying to shift this mindset by arguing that most insurance carries now cover ambulance services and since most people are insured these types of rate reductions are no longer needed.

Traditionally, Watertown has always held our resident rate at \$100 less than the non-resident rate. The recommendation, from the billing company, was to move everyone (resident & non-resident) to the same rate. For the BLS rate this would be \$1,200. The average for that category was \$1,146 (resident) and \$1,227 (non-resident). I assume the billing company figured \$1,200 was the "sweet spot" between the averages.

In my opinion, it is still a good practice to keep the resident rate lower than the non-resident. With that in mind, rather than increasing the non-resident rate beyond the billing company recommendation, I suggest lowering the resident rate as listed on the recommendation sheet provided. In addition, I feel it is important to mention that residents of the five townships contracting for EMS service with the Watertown Fire Department are billed at the resident rate since the townships are subsidizing operating costs with their contractual payments.

### **PROJECTED CHANGES**

Beginning on January 1, 2022, the Centers for Medicare & Medicare Services (CMS) requires selected ground ambulance organizations to collect and report cost, revenue, utilization, and other information through the Medicare Ground Ambulance Data Collection System (GADCS). When this project is completed, it is expected that **ambulance service providers will be reimbursed up to 50% of the revenues not collected by the current Medicare and Medicaid schedules.** The accompanying document titled Medicare Ground Ambulance Data Collection System (GADCS) Impact on Future EMS Rate Recovery outlines the potential future impact of this change.

### **RECOMMENDATION**

The Watertown Fire Department recommends approval of the EMS rates as suggest in the billing company rate survey with a slight modification as presented in the attached document titled, Watertown FD Recommended EMS Rates 2023.