



December 5, 2018

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-8150

Dear Administrator Verma:

On behalf of the International Association of Fire Chiefs (IAFC), International Association of Fire Fighters (IAFF), Metropolitan Fire Chiefs Association (Metro Chiefs), National Association of Emergency Medical Technicians (NAEMT), and the National Volunteer Fire Council (NVFC), we urge the Centers for Medicare and Medicaid Services (CMS) to adopt an EMS cost reporting process similar to the one used by Medicaid when providing supplemental ground emergency medical transportation reimbursements in California, Oregon, and Washington. The IAFC, IAFF, Metro Chiefs, NAEMT, and NVFC believe a cost reporting process similar to the one used in California's Ground Emergency Medical Transportation (GEMT) program will generate the most accurate cost data information and be significantly less burdensome for fire departments to complete.

The IAFC, IAFF, Metro Chiefs, NAEMT, and NVFC have long been concerned by the significant and chronic under-reimbursement by CMS for the EMS care that our nation's fire departments provide to Medicare beneficiaries on a daily basis. Our organizations were pleased in February to see Congress pass the Bipartisan Budget Act of 2018 (P.L. 115-123) which directs CMS to develop a process to gather data and information on EMS costs and other aspects of the

EMS system. These data will be invaluable in demonstrating the value of service provided by fire-based EMS agencies and in illustrating the need to better align the CMS' Ambulance Fee Schedule with the true costs of providing EMS care to millions of ill and injured patients each year.

As you are likely aware, cost reporting is a familiar concept to fire-based EMS agencies. In 2010, the State of California and the CMS began providing supplemental reimbursements to California fire departments to assist in minimizing the unreimbursed costs of providing emergency medical care to Medicaid beneficiaries. This program, known as the GEMT, has been highly successful in supporting fire-based EMS agencies and has since been adopted in several other states including Oregon, Washington, and Nevada. Cost reports for fire-based EMS agencies are a crucial piece of the GEMT. These cost reports were developed in close consultation with CMS as well as many local fire departments to ensure that they generate the necessary data without being too onerous or administratively burdensome to complete. Through these detailed and thorough cost reports, fire departments certify their costs and reimbursements and provide data that is fully auditable and transparent. Reported costs are further broken down into multiple sub-categories that clearly show the services, tasks, and processes connected to each cost. The meticulous detail provided by the GEMT reports results in accurate, complete, and timely cost data information being shared with Medicaid/CMS.

Our organizations also believe that using the GEMT cost reports as the basis for CMS' cost collection efforts is necessary to reduce the administrative burden on the EMS agencies that will be selected in the sample to provide cost information to CMS. More than 1,000 fire departments across nearly a dozen states currently submit GEMT cost reports to Medicaid each year. Our organizations are also concerned that a different and unrelated cost report created by CMS could unintentionally create significant confusion and downstream administrative burden for fire departments already reporting using the GEMT. A requirement to complete additional cost reports requiring the submission of data in different formats, reporting periods, and criteria would be not only burdensome but most certainly require explanation of differences in total costs that are certain to result from variations in reporting requirements. CMS could avoid creating this challenge for large portions of the ambulance service industry by utilizing the GEMT cost reports already adopted and accepted by the federal Medicaid program and numerous state Medicaid programs.

The IAFC, IAFF, Metro Chiefs, NAEMT, and NVFC are concerned by an alternate proposal, originally drafted in 2014, that would fail to generate cost data with the depth and transparency needed to truly understand the costs of providing EMS care to Medicare beneficiaries. The resulting lesser quality cost data information would make it more difficult to use these data in a meaningful way to improve the accuracy of CMS' reimbursements for EMS care. This cost collection process also is unproven and was only given a very limited test for function and usability. The study used a focus group of just 45 ambulance suppliers and providers which was significantly non-representative of the EMS industry and included just one fire-based EMS agency. Furthermore, our organizations also are deeply troubled by recommendations contained within this proposal for CMS to contract out its cost collection responsibilities to a private entity that represents a large (commercial) sector within the EMS industry. The IAFC, IAFF, Metro Chiefs, NAEMT, and NVFC strongly believe that CMS must maintain the neutrality of the cost

reporting process by rejecting any recommendations to outsource this important role to any third party that, directly or indirectly, represents ambulance service entities.

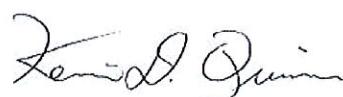
We have also included a larger report that compares the cost reporting process outlined by the GEMT with the cost reporting process recommended by the Moran Study. This report provides additional background information to explain the full benefits that could be achieved by CMS' adoption of a GEMT-based cost reporting program. We encourage you to review this report as it provides important information and context on our joint recommendation that CMS utilize the GEMT's cost reporting process.

On behalf of the IAFC, IAFF, Metro Chiefs, NAEMT, and NVFC, thank you again for your diligent work to develop a cost data collection system for EMS agencies across the United States. Our organizations look forward to continuing to work with CMS to ensure this data collection system generates the high-quality data needed to improve the accuracy of CMS' reimbursements for EMS care provided to Medicare beneficiaries.

Sincerely,



Fire Chief Dan Eggleston, EFO, CFO, CMO
President and Chairman of the Board
International Association of Fire Chiefs



Kevin D. Quinn
Chair
National Volunteer Fire Council



Harold Schaitberger
General President
International Association of Fire Fighters



Dennis Rowe, EMT-P
President
National Association of Emergency Medical
Technicians



Fire Chief Otto Drozd, III, EFO, CFO
President
Metropolitan Fire Chiefs Association

Encl: Cost Reporting Overview and Recommendations from the Cost Reporting Work Group

Report and Recommendations of a Fire Service Cost Reporting Work Group to CMS

Submitted November 9, 2018

In response to a directive in the Bipartisan Budget Act of 2018 (P.L. 115-123), the International Association of Fire Chiefs (IAFC) Emergency Medical Services (EMS) Section assembled a Cost Reporting Work Group (CRWG) comprised of diverse fire service, EMS, cost reporting experts, and key opinion leaders. An inaugural meeting of the CRWG was held September 4th, 2018 with a charge to develop fire service recommendations to CMS for the purpose of developing an ambulance cost reporting data collection system as required by the Bipartisan Budget Act. The members of the CRWG were:

- Kelly Blackmon, Deputy Fire Chief – Clark County FD (NV)
- Tom Breyer, Director Fire and EMS Operations – International Association of Fire Fighters
- Scott Clough, Assistant Chief (Ret) – Sacramento Metro FD (CA)
- Mike DuRee, Fire Chief (Ret) – Long Beach FD (CA)
- Pete Lawrence, Division Chief – Oceanside FD (CA)
- Rob McClintock, EMS Specialist – International Association of Fire Fighters
- Mike McEvoy, EMS Chief – Saratoga County (NY) – Served as Chair of the CRWG
- Bill Shipman, Senior Vice President – MultiMed Billing, Syracuse (NY)
- Troy Tuke, Assistant Fire Chief – EMS – Clark County FD (NV)
- Rich Walls, EMS Chief – South San Francisco FD (CA)
- Crystal Yates, Assistant Deputy Commissioner – Philadelphia FD (PA)
- Evan Davis and Jeff Snow served as Staff Liaisons to the CRWG from the IAFC

Based on the attached directive by Congress to CMS and the CRWG review of existing and recommended cost reporting strategies, the CRWG makes the following recommendations to CMS:

1. Sample cost reporting of ambulance services be implemented by CMS using the existing CMS Medicaid Ground Emergency Medical Transportation (GEMT) Cost Reporting Tool. Modifications as needed to comply with the intent of the Bipartisan Budget Act of 2018 can be readily and easily made to this existing, CMS approved cost reporting tool.
2. In the collection of cost reporting data and subsequent analyses which may be conducted for the purposes of adjusting reimbursement, the CRWG strongly opposes any differential based on type of service. At present CMS reimbursements apply differentials for geographic location of service and level of service provided only. The CRWG strongly recommends these remain as the only CMS reimbursement differentials.

The Bipartisan Budget Act of 2018 (P.L. 115-123)

P.L. 115-123 was signed into law on February 9, 2018. This legislation provided a long-term reauthorization of the Medicare Ambulance Add-On Payments which provide additional payments for the transportation of Medicare beneficiaries from pre-determined urban, rural, and super-rural zip codes. The cost of this long-term reauthorization was offset by increasing the current payment cut for non-emergency dialysis transports from 10% to 23% (beginning on October 1, 2018).

Additionally, P.L. 115-123 directs the Department of Health and Human Services, through the Centers for Medicare and Medicaid Services (CMS), to conduct cost surveying of ambulance services suppliers and providers to determine the accuracy of Medicare's reimbursements. CMS will conduct their cost surveys using a random sample of ambulance agencies. Agencies which are selected to participate in cost surveying and fail to report their costs could receive a payment deduction of up to 10%. P.L. 115-123 does establish a hardship waiver and appeals process for agencies receiving penalties for non-compliance.

Below is the scope of the cost surveying that P.L. 115-123 establishes:

“(17) SUBMISSION OF COST AND OTHER INFORMATION.— “(A) DEVELOPMENT OF DATA COLLECTION SYSTEM.—The Secretary shall develop a data collection system (which may include use of a cost survey) to collect cost, revenue, utilization, and other information determined appropriate by the Secretary with respect to providers of services (in this paragraph referred to as ‘providers’) and suppliers of ground ambulance services. Such system shall be designed to collect information—

- “(i) needed to evaluate the extent to which reported costs relate to payment rates under this subsection;
 - “(ii) on the utilization of capital equipment and ambulance capacity, including information consistent with the type of information described in section 1121(a); and
 - “(iii) on different types of ground ambulance services furnished in different geographic locations including rural areas and low population density areas described in paragraph (12).
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The Moran Company Survey Process

In April 2014, the American Ambulance Association (AAA) and their consultant The Moran Company (TMC), released a report, *Detailing “Hybrid Data Collection Method” for the Ambulance Industry: Beta Test Results of the Statistical & Financial Data Survey & Recommendations* (TMC Report). The report recommended how CMS could implement a cost reporting process for EMS agencies.

Developed by TMC and AAA, the described, “hybrid data collection methodology” would require CMS to use a two-step survey process to collect data from ambulance providers. The first

step would be to conduct an initial survey collecting basic key ambulance agency operational information. The second step would be to collect financial and statistical data from a random sample of providers.

Pros:

- This method is supported by TMC and AAA.
- Additional testing of this tool on a larger scale, with a representative sample reflective of the ambulance service industry, would be needed to identify additional pros for this survey tool.

Cons:

- The method developed by AAA and TMC has not been adequately tested in the industry.
 - Only 45 organizations provided statistical and financial data to test the proposed methodology.
 - Of these 45 participants, only one was a fire-based agency, 32 were private companies, 8 were governmental third-service agencies, and 4 were hospital-based. This low response rate was not representative of the ambulance industry's demographics as a whole.
 - It's unclear in the report whether the 43 providers that participated in the initial survey were part of the 45 that provided statistical and financial data.
 - It is also unclear who and from where the providers participating resided.
- The format of the survey would make it difficult for CMS to validate accuracy and consistency of data and allocation methodologies used by providers to complete the surveys.
- This tool may be difficult to automate and rely on data for analytics impacting the entire ambulance industry.
- The TMC report stated, "...that most ambulance operations would be unable to provide standard Medicare cost reporting." This conclusion is premature.
- The TMC report recommended that AAA "explore the potential to engage in a 'cooperative agreement with CMS to...implement the CMS' data strategy [as a contractor]." This recommendation prompts questions about the impartiality of the report's conclusions.

Ground Emergency Medical Transportation (GEMT) Cost Reporting Tool

Currently in the local government ground emergency medical transportation industry, there exists a cost reporting tool used for Medicaid supplemental reimbursement. This established cost reporting tool is actively used by several states including: California, Missouri, Nevada, Oregon, and Washington.

In 2013, the California Department of Health Care Services developed the initial ground emergency medical transportation cost report tool. The cost report tool calculates an ambulance provider's actual average cost per transport and is certified by providers that the information is accurate and conforms to the OMB A-87 circular (superseded by 2 CFR Part 200) and CMS Directives.

Pros:

- Cost reporting tool was developed with significant participation of CMS and local government ambulance providers¹ in urban, rural, and super rural areas.
- Cost report tool has been tested and used by nearly a thousand providers across multiple states. It can be used by both government and private providers.
- Cost report tool is used across several states and there are several consulting firms which can assist ambulance providers in using the cost reporting tool.
 - Additional resources are available to providers for completing these cost reports.
- The cost report data collection process can be automated and audited.
- The cost report tool is required to tie into financial records and allocation methods that are transparent.
- The tool requires certification that costs are accurate and conform to program requirements. Actuaries should be able to use the data to support their rates.

Cons:

- Initial year to complete cost report can be challenging. However, after the first year is complete, future reporting can be completed fairly quickly.
- The GEMT-based cost reporting tool has not been tested in the private ambulance industry. However, the cost report has a universal design. Private industries can crosswalk their chart of accounts to complete the cost report.
- Private and public industries will be required to adjust their data requests from billing companies. However, major billing companies' contract with both public and private EMS providers and are readily able to make necessary data available.
- CMS cost reporting currently does not take into account data needed by suppliers. Additional schedules may need to be added to meet CMS needs.

¹ This reference to "providers" refers to all ambulance transportation agencies. Unlike Medicare, Medicaid does not distinguish between "suppliers" and "providers." P.L. 115-123 directed CMS to include both "suppliers" and "providers" in their ambulance service cost surveying process.