

KOEHLER FITZGERALD

| REFERENCE-BASED PRICING NEWSLETTER |

Koehler Fitzgerald

Koehler Fitzgerald LLC provides highly specialized legal services to TPAs and Plan Sponsors offering reference-based medical plans.

Central to those services are the defense of balance billing claims, from provider billing to jury trial, utilizing the firm's highly rated trial lawyers, nationally recognized experts and affiliated local counsel throughout the U.S.

Koehler Fitzgerald's multilingual services are supported by the use of a proprietary and customized database to track and support group calendaring, task management, contact management, conflicts checking, integrated document assembly and customized weekly reports of the status of claims and activity.

James F. Koehler
Koehler Fitzgerald LLC
1111 Superior Ave.
Cleveland, Ohio 44114
216.539.9370

Air Ambulance Billing (Part 1)

The Association of Air Medical Services estimates that as many as 400,000 people are transported each year by air ambulance.¹ Doctors and emergency service personnel usually make the decision whether air transport is necessary. Air ambulances commonly carry patients with traumatic injuries, pregnancy complications, heart attacks, strokes, and respiratory diseases. Patients, often unconscious, rarely provide consent prior to the transport.

Although air ambulance services have brought quick emergency care to rural areas, the costs are high. According to the National Association of Insurance Commissioners, the average air ambulance flight is 52 miles and costs between \$12,000 and \$25,000.² When a helicopter is used, a typical charge includes a base "rotor fee" as high as \$25,000 or more, and an additional fee for each mile. The "rotor fee" is a readiness charge and has no relation to the actual medical services and supplies provided during the flight. Invoices rarely itemize the costs.

Air ambulance services have become a common and lucrative practice. In 2016, the global air ambulance services market was valued at \$3.7 billion. According to





Ability to Pay and Hospital Collection Practices

According to Becker's Hospital Review, "since 2014, ... patients' out of pocket healthcare costs have grown 9% while their wages have grown 1.9%. Three-quarters of Americans have no savings yet 30% have a high deductible health plan. Almost fifty percent of Americans could not come up with \$400 for an emergency without borrowing the money or selling something, yet the average family deductible is \$4,000." Becker's further reports that according to Medical Group Management Association's most recent MGMA Stat poll 43% of respondents indicated their organizations waited 91 to 120 days before sending an account to collections, while 32% indicated their organizations waited more than 120 days. Only 16% of respondents indicated their organizations waited 60 to 90 days, and only 2% indicated their organizations waited less than 60 days.

© 2017 Koehler Fitzgerald LLC

a new report by Grand View Research, Inc., the market is expected to reach \$8.2 billion by 2025.³

The high charges typically catch patients off guard. In an emergency, they have no control over how they are transported. Patients are unaware that the extent of insurance coverage for the flight may depend on the air ambulance company called. For example, in a recent Ohio case the distance between hospitals was 16 miles by ground transport, and 14 miles by air ambulance. While the former would have been mostly covered by the patient's insurance, the transferring hospital chose to instead call an air ambulance company that lacked a contract-provider agreement with the insurer, leaving the patient with a \$29,000 bill.

The response from affected patients has prompted recent negative press reports and several class actions. Facing pressure from constituents, state legislatures are taking note. The varied attempts to curb the collection of air ambulance fees, through legislation or the courts, appear to face substantial hurdles. One obstacle is preemption under the Airline Deregulation Act of 1978 (92 Stat. 1705). These issues will be addressed in our upcoming May newsletter.

1. <http://www.sltrib.com/news/3871233-155/utahs-new-air-ambulance-companies-raise>
2. http://www.naic.org/documents/consumer_alert_understanding_air_ambulance_insurance.htm
3. <http://www.grandviewresearch.com/industry-analysis/air-ambulance-services-market>

Koehler Fitzgerald publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information purposes only and may not be quoted or referred to in any other publication or proceeding without the prior written consent of Koehler Fitzgerald. Distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship.

