Summary of H.R. 3780, the Air Ambulance Quality and Accountability Act
Sponsors: Reps. Richard Hudson (R-NC), Ron Kind (D-WI), Lynn Jenkins (R-KS), Joe Kennedy (D-MA)

Ensuring Air Ambulance Quality and Accountability to Protect Medicare Beneficiaries:

Patients utilizing air ambulance services are among the most vulnerable in the U.S. health care system. Critically ill and injured patients in need of emergency medical transport are unable to choose whether they are transported by ground or air, and which air ambulance agency transports them. Medicare is the primary driver of value, quality and patient safety. Medicare must assure its beneficiaries of high quality and accountable air ambulance services.

The Problem:

There are currently no Medicare standards of care or quality requirements for air ambulance agencies providing life-saving services to the most critically ill and injured patients. It is important to recognize that standards of care (as a condition of participation) and quality requirements are not the same. Quality measures address the value and quality of care provided. Standards address the clinical capability and efficiency of the provider and their services. Virtually all other health care providers and suppliers are subject to Medicare standards and quality requirements, even X-Ray suppliers.

Medicare pays all air ambulance agencies the same even though there is substantial variation in clinical and aviation capabilities and costs. There is no mandatory cost reporting to evaluate whether Medicare payments are adequate to ensure access, whether payments are aligned with actual need, or whether they should be better targeted to actual costs, such as for advanced aviation safety and higher clinical capability or serving geographically isolated regions. Further, there is no payment differential for ground critical care transport, thus incentivizing the use of more expensive air transport.

While the current payment methodology for air ambulances is outdated and Medicare payment may not be adequate for some air ambulance agencies, an across the board increase for all agencies without thoughtful payment reform may also prove counterproductive. Following the 2002 Medicare fee schedule increasing air ambulance reimbursement, the number of helicopters in the United States more than doubled, predominantly in oversaturated markets. Many rural areas of the nation remain underserved. The fixed costs for air ambulances are very high (as high as 85 percent). Air ambulance agencies get paid when they transport a patient, yet there is a finite number of patients who are critically ill or injured enough to warrant air ambulance services. Where there are too many or too few helicopters, flight volume is low and the cost per transport plummets. Flight volume per air ambulance has declined dramatically since 2002. Thus, the sufficiency of Medicare payment is partially dependent on volume and utilization. Payment reform for air ambulances is needed and overdue, but must be carefully calibrated.

The Solution -- H.R. 3780:

Reps. Hudson, Kind, Jenkins and Kennedy introduced H.R. 3780 to ensure that all patients in need of air medical services throughout the nation have access to high quality care and patient safety regardless of which air ambulance agency transports them. Their bill protects critically ill and injured patients by addressing the variability in quality of care and clinical capability. It mandates cost-reporting which will enable a thorough evaluation by the Medicare Payment Advisory Commission (MedPAC) to assess the adequacy of access, Medicare reimbursement and the need for future payment reform prior to providing any increases in payment. H.R. 3780 would accomplish the following:

- **Establish minimum standards for air ambulance providers and suppliers.** The legislation requires the Secretary of HHS to establish minimum standards which air ambulance agencies would be required to satisfy as a condition of participation under Medicare. Air agencies

accredited by an approved accrediting body would be deemed in compliance with the standards.

- **Establish a robust air ambulance quality reporting program.** The Secretary will establish a quality reporting program that yields meaningful performance payment adjustments. Measures will address over-triage, patient safety and clinical quality. Additionally, the Secretary will work with stakeholders to develop these quality measures and the Secretary retains authority and flexibility to update measures in the future.

- **Require cost reporting by air ambulance providers and suppliers.** The legislation establishes a cost reporting program in which air ambulance agencies submit to the Secretary cost data related to geographic factors, type of aircraft, maintenance of aircraft, maintenance of equipment medical supplies, employee expenses, training expenses, and building expenses. Those who don't report their costs will be suspended from the Medicare program.

- **Require a MedPAC study based on that cost reporting.** MedPAC will evaluate the adequacy of current payment to ensure access to high quality care. It will provide recommendations on whether payment increases are appropriate, and whether they should be narrowly tailored based on the higher costs of serving geographically isolated areas, greater investments in aviation safety, and a higher clinical capability to serve the sickest patients.

Top 3 Reasons Why H.R. 3780 is Vital and Fiscally Responsible:

The bill safeguards Medicare beneficiaries who don't choose whether they are transported by air, or which air ambulance agency transports them. The bill protects patients flown by air ambulance by ensuring that they receive the highest quality of medical care regardless of which agency transports them. This holds air ambulance agencies accountable through quality reporting and Medicare standards, just as other providers and suppliers are under Medicare.

The bill creates a foundation for future development of appropriate and targeted reimbursement by establishing cost-reporting for air ambulance transport. This will better recognize actual costs, including higher costs of critical care capability and voluntary investments in aviation safety beyond minimum FAA requirements, such as instrument flight capability.

The bill does not increase reimbursement until the Congress knows where increases are warranted. The legislation requires MedPAC to study air ambulance access and reimbursement, including recommendations regarding payment models, proficiency, utilization, uncompensated care, and incentivizing lower-cost utilization of ground critical care reimbursement. This will enable the Congress to better assess how to effectuate payment reform and narrowly tailor increased payment based on actual cost and need. An across-the-board increase without targeted payment reform may inadvertently exacerbate the existing misalignment of needed access and air medical resources, and fuel additional growth where it isn't necessary, thus increasing the cost and charges per transport for Medicare and beneficiaries.