

## Why GAO Did This Study

Changes in the air ambulance industry's size and structure have led to differences of opinion about the implications for air ambulance use, safety, and services. Some industry stakeholders believe that greater state regulation would be good for consumers. While states can regulate the medical aspects of air ambulances, the Airline Deregulation Act (ADA) preempts states from economic regulation—i.e., regulating rates, routes, and services—of air ambulances. Other stakeholders view the industry changes as having been beneficial to consumers and see no need for a regulatory change.

Asked to review the U.S. air ambulance industry, GAO examined (1) changes in the industry in the last decade and the implications of these changes on the availability of air ambulances and patient services and (2) the relationship between federal and state oversight and regulation of the industry. GAO analyzed available data about the industry; synthesized empirically based literature on the industry; visited four air ambulance providers with differing views on the industry changes; and interviewed federal and industry officials.

GAO is not making recommendations in this report. GAO incorporated comments on a draft this report from the appropriate federal agencies and key industry and emergency medical services stakeholders.

## AIR AMBULANCE

### Effects of Industry Changes on Services Are Unclear

## What GAO Found

From 1999 through 2008, the number of patients transported by helicopter air ambulance increased from just over 200,000 to over 270,000, or by about 35 percent, and the number of dedicated air ambulance helicopters increased from 360 to 677, or by about 88 percent. During the same period, the structure of the industry changed from a preponderance of providers affiliated with a specific hospital to a fairly even split between hospital-based and independent providers, often located outside hospitals, in suburban or rural communities. Perspectives on the implications of these changes vary. Supporters of the existing regulatory framework say that the growth in the number of helicopters provides, among other things, flexibility to perform aircraft maintenance on some helicopters while keeping others available to respond as needed. Proponents of a change in the regulatory framework maintain that the growth in helicopters has led to medically unnecessary flights. These stakeholders assert that high fixed costs create economic pressure to fly in unsafe weather and use less costly small helicopters that limit some patient services. GAO found few data that support either perspective.

Court cases and advisory opinions from the Department of Transportation (DOT) have helped to clarify the relationship between federal and state oversight and regulation of the air ambulance industry, but DOT has acknowledged a continuing lack of clarity in some areas. Generally, the federal government has authority and oversight concerning the economic and safety aspects of the industry; states—which are preempted from regulating matters related to prices, routes, and services—have authority over the medical aspects. However, when both economic and medical or safety and medical issues are involved, questions about jurisdiction may arise. To resolve such questions, states have sought DOT's opinion and, in response, DOT has issued eight opinion letters since 1986. Some state officials have expressed concerns, particularly in relation to a DOT opinion letter on Hawaii laws, that the open-ended nature of the opinion could allow any medical regulation to be challenged as an economic regulation and thus be preempted under the ADA. States can continue to seek DOT's opinion on a case-by-case basis, as further questions surface. Additionally, states can also contract directly with air ambulance providers, which would allow states to control specific services as the customer.

### Air Ambulance Helicopter



Source: Mark Mennie.