

GAO Highlights

Highlights of [GAO-17-637](#), a report to the Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

Helicopter air ambulances reduce transport times for critically ill patients during life-threatening emergencies. Although patients typically have little to no choice over the service or provider given the often emergency nature of the transports, they might be billed for charges that have potentially devastating financial impacts. GAO was asked to review air ambulance pricing. This report examines: (1) the prices charged for air ambulance service, (2) the factors that affect prices, and (3) stakeholders' views on any actions the federal government could take to address air ambulance pricing. To answer these questions GAO analyzed 2 years of data (2010 and 2014—the latest available) on prices from CMS and a private health insurance database; interviewed 26 stakeholders, such as 8 air ambulance providers chosen to represent a range of types (hospital-affiliated and independent) and sizes; and interviewed DOT and CMS officials.

What GAO Recommends

The Secretary of Transportation should: (1) communicate a method to receive air ambulance, including balance billing, complaints; (2) take steps to make complaint information publicly available; (3) assess available data and determine what information could assist in the evaluation of future complaints; and (4) consider air ambulance consumer disclosure requirements. DOT concurred with all but the third recommendation, stating additional information is not needed for such purposes. GAO stands by the recommendation, as discussed in this report. DOT and CMS also provided technical comments which were incorporated as appropriate.

View [GAO-17-637](#). For more information, contact Gerald L. Dillingham, Ph.D. at (202) 512-2834 or DillinghamG@gao.gov.

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AIR AMBULANCE

Data Collection and Transparency Needed to Enhance DOT Oversight

What GAO Found

Between 2010 and 2014, the median prices providers charged for helicopter air ambulance service approximately doubled, from around \$15,000 to about \$30,000 per transport, according to Medicare data from the Centers for Medicare & Medicaid Services (CMS) and private health insurance data. Air ambulance providers do not turn away patients based on their ability to pay and receive payments from many sources depending on the patient's coverage, often at rates lower than the price charged. For example, the Medicare median payment was \$6,502 per transport in 2014. Air ambulance providers might bill a privately-insured patient for the difference between the price charged and the insurance payment—a practice called balance billing—when the provider lacks an in-network contract with the insurer. However, due to a lack of information it is unclear to what extent patients are balance billed.

Factors such as a provider's proportion of transports provided by payer and competition may play a role in air ambulance prices charged, but data to assess these factors are not available. For example, selected providers reported that they adjust prices to receive sufficient revenue from private health insurance to account for certain lower-paid transports, such as those covered by Medicare. Price increases may also be tied to the industry's characteristics such as apparent market concentration—the three large independent providers reported operating 73 percent of the industry's total helicopters in 2016. An analysis of these factors is not possible due to a lack of currently available data such as the number of transports or the industry's composition by provider.

Selected stakeholders we spoke to proposed actions to address air ambulance pricing issues, including (1) raising Medicare rates, (2) allowing state-level regulation of air ambulance prices, and (3) improving data collection for the purposes of investigations and transparency regarding prices. Stakeholders expressed mixed views on the first two proposals but none disagreed with the third. Federal internal control standards state that management should identify and communicate information needed to achieve objectives and address risks. The Department of Transportation (DOT) has discretionary authority to investigate potentially unfair practices in air transportation or the sale of air transportation, but has not exercised this authority in regards to helicopter air ambulances. DOT officials said they need additional information about the air ambulance industry. For example, DOT officials note that they have received few air ambulance complaints since 2006 and report that consumers may not think of DOT as the place to complain. Although DOT recently modified its online form to include air ambulance complaints, it has not communicated how to file complaints. Without doing so and obtaining more industry data, DOT is missing important information needed to put complaints into the context of the overall industry that could affect its assessment on whether to pursue investigations. Further, stakeholders such as hospital staff could benefit from greater transparency as they currently have limited ability to make air ambulance decisions that serve both the financial interests and medical needs of the patient.