United States General Accounting Office

GAO

Briefing Report to Congressional Requesters

April 1994

# MEDICARE

# Beneficiary Liability for Certain Paramedic Services May Be Substantial

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**United States**
**General Accounting Office**
**Washington, D.C. 20548**

**Health, Education, and**
**Human Services Division**

B-254210

April 15, 1994

The Honorable Daniel Patrick Moynihan
Chairman, Committee on Finance
United States Senate

The Honorable Dan Rostenkowski
Chairman, Committee on Ways and Means
House of Representatives

The Honorable John D. Dingell
Chairman, Committee on Energy and Commerce
House of Representatives

The Honorable Nancy L. Johnson
House of Representatives

Volunteer ambulance companies often transport Medicare beneficiaries to hospitals. In some cases, the beneficiary may require the services of a paramedic—an individual trained in advanced life support services, including the use of specialized equipment and medications. If the volunteer ambulance company does not have a paramedic on staff, it generally requests one from a hospital or commercial ambulance company. The paramedic, called a secondary responder, either meets the volunteer ambulance en route or at the scene of the call. If needed, the paramedic boards the volunteer ambulance and accompanies the beneficiary to the hospital. The paramedic provides what is termed paramedic intercept services.

In your letter to us, you expressed concern that Medicare may not pay for the services of secondary responders and that beneficiaries may be liable for them. Accordingly, you asked that we examine (1) whether volunteer ambulance companies are certified to participate in the Medicare program, (2) whether volunteer ambulance companies bill for their services, and (3) the liability that Medicare beneficiaries may have for the services of secondary responders.

As agreed with your offices, we briefed the minority health counsel for the House Committee on Ways and Means, Subcommittee on Health, on the results of our work. Using a series of charts, we described the objectives, scope, and methodology of our study and presented our principal findings. As agreed with the minority health counsel, we are furnishing you with

copies of our briefing charts, and, in some cases, with additional clarifying comments (see app. I).

In summary, we found the following:

- Medicare contractors rely on states to certify ambulance companies for participation in the Medicare program, and states establish their own certification requirements.
- Most volunteer ambulance companies do not charge for their services or have their own paramedics.
- Medicare does not pay separately for paramedics as secondary responders. Paramedic services are only covered if they are an integral part of the ambulance service. While specific data are not readily available, the potential liability of Medicare beneficiaries for paramedic intercept services may be substantial. For example, two providers of paramedic intercept services in Connecticut may have charged Medicare beneficiaries in excess of $600,000 (see app. I).

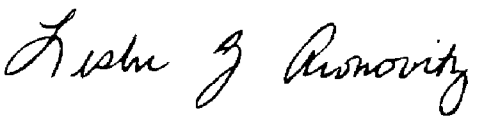
The Health Care Financing Administration (HCFA) has tried to minimize this liability by allowing the ambulance company that transports the beneficiary to submit a single bill to Medicare for both the ambulance transportation and paramedic intercept services. Because volunteer ambulance companies seldom bill for services, however, this arrangement may not help beneficiaries minimize their liability. Recognizing this dilemma, HCFA officials agreed to reexamine their policy. As of March 15, 1994, HCFA officials had not reached a decision on this matter.

We did our work between July 1993 and December 1993 in accordance with generally accepted government auditing standards.

We dicussed the results of our work with responsible HCFA program officials and have incorporated their comments where appropriate. These officials generally agreed with our findings and conclusions.

We are sending copies of this report to the Secretary of Health and Human Services and other interested congressional committees. Copies will also be made available to others upon request. Major contributors to this report are listed in appendix II. If you have any questions about this report, please call me on (202) 512-7119.

Sincerely yours,



Leslie G. Aronovitz
Associate Director
Health Financing Issues

GAO Health, Education and Human Services Division

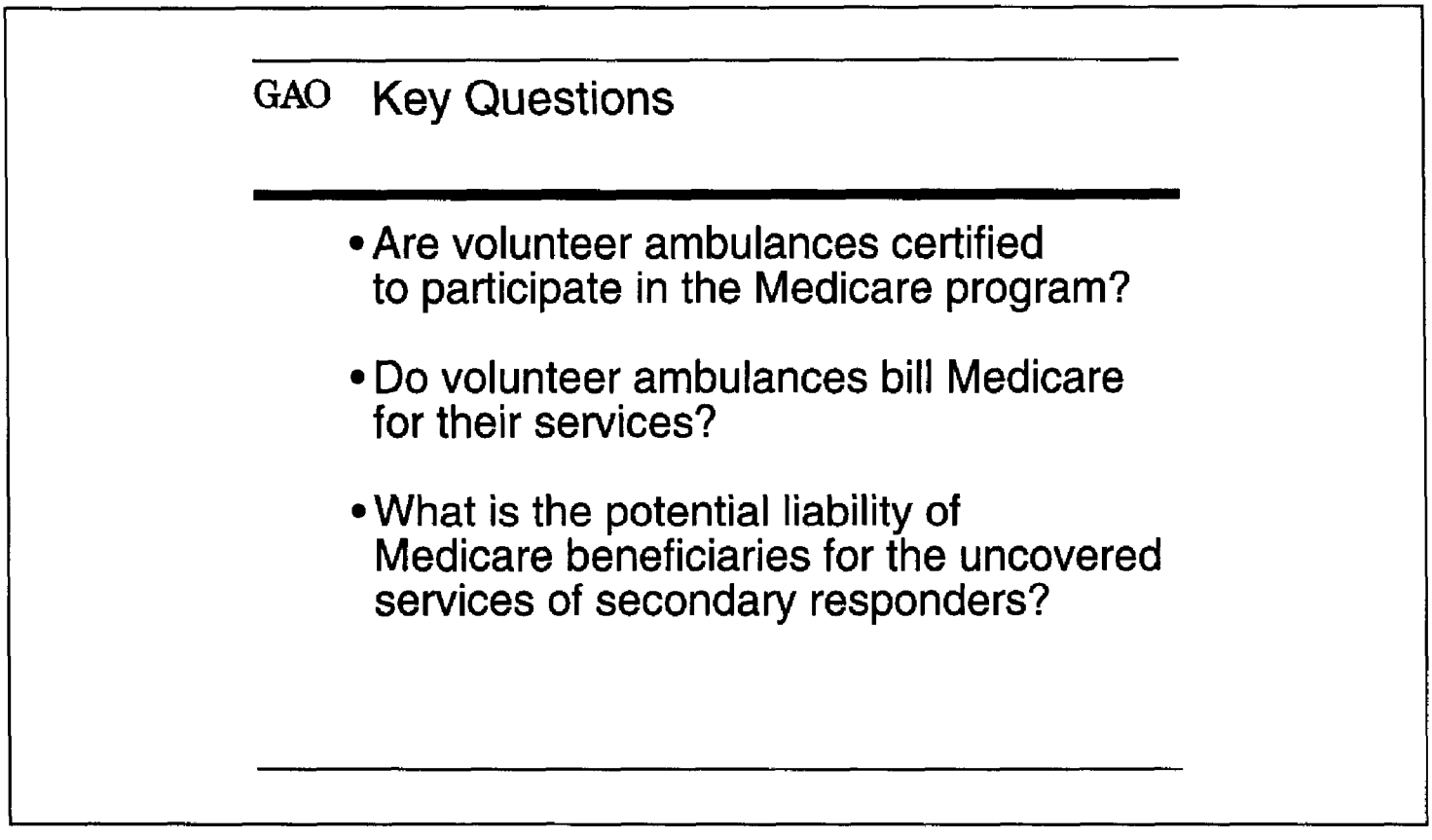
## SECONDARY RESPONDERS TO VOLUNTEER AMBULANCE COMPANIES

## GAO Background

- Volunteer ambulances often take Medicare beneficiaries to hospitals.
- Some have no paramedic on staff and request one from a hospital or commercial ambulance company.
- The paramedic either meets the volunteer ambulance on the way or at the scene (secondary responder).

GAO Background

- The paramedic boards the volunteer ambulance and accompanies the beneficiary to the hospital.
- Medicare does not cover separately the paramedic's cost as a secondary responder.
- Beneficiaries may be liable for these costs.




## Additional Comments

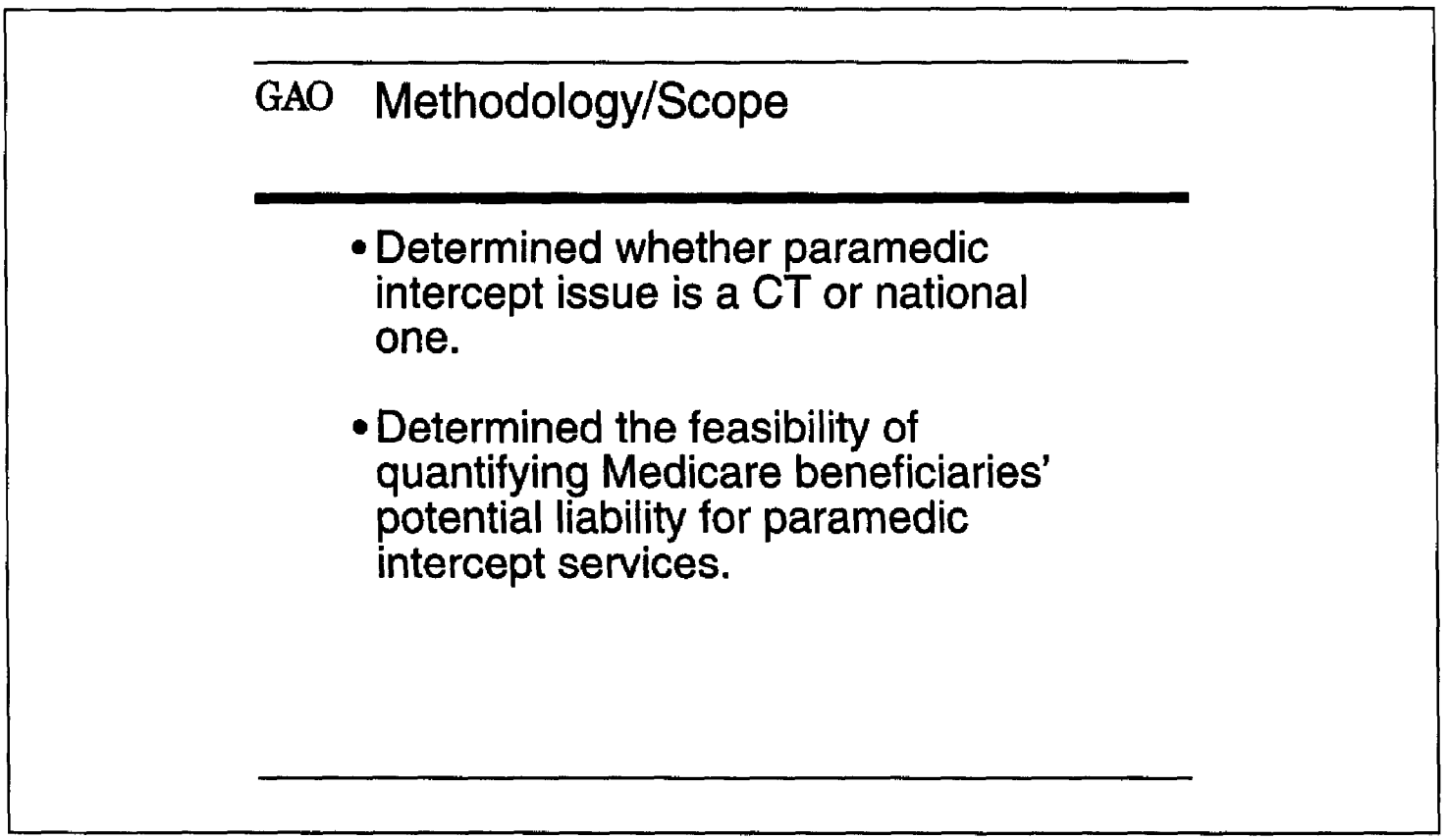
We performed our study in Connecticut because of concerns that Medicare beneficiaries may be held liable for the uncovered services of paramedics as secondary responders. To determine if volunteer ambulances are Medicare certified, we researched the Medicare laws, regulations, and guidelines on ambulance services, and Connecticut's regulations on ambulance services. In addition, we spoke with officials from HCFA, both in Boston and at headquarters; the Connecticut Office of Emergency Medical Services; and the Travelers Insurance Company—a Medicare contractor in Connecticut. To determine if volunteer ambulances bill for their services, we obtained data from the Connecticut Office of Emergency Medical Services and interviewed officials of five volunteer ambulance companies and the American Ambulance Association. To identify the potential liability of Medicare beneficiaries for the uncovered services of secondary responders, we spoke with six providers of paramedic services.

GAO Methodology/Scope

- Performed work in Connecticut (CT).
- Researched Medicare laws, regulations and guidelines and CT regulations on ambulance services.
- Interviewed officials from HCFA, CT regulator, Medicare contractor, ambulance association, paramedic and volunteer ambulance groups.

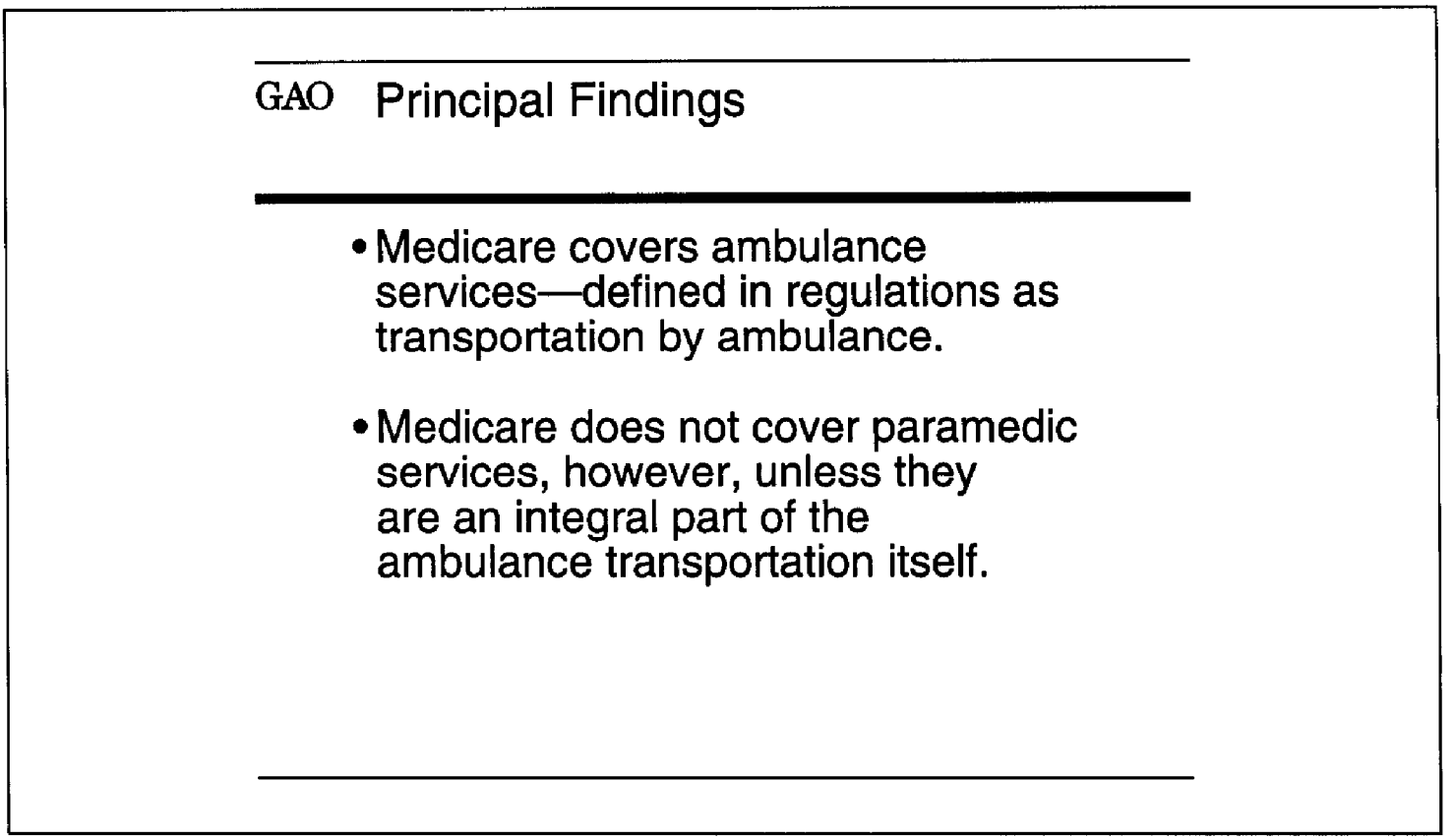
## Additional Comments

To accomplish the above, we reviewed various HCFA and Medicare contractor memorandums and letters. Also, we spoke with officials from the American Ambulance Association, the Connecticut Office of Emergency Medical Services, and six providers of paramedic intercept services in Connecticut.



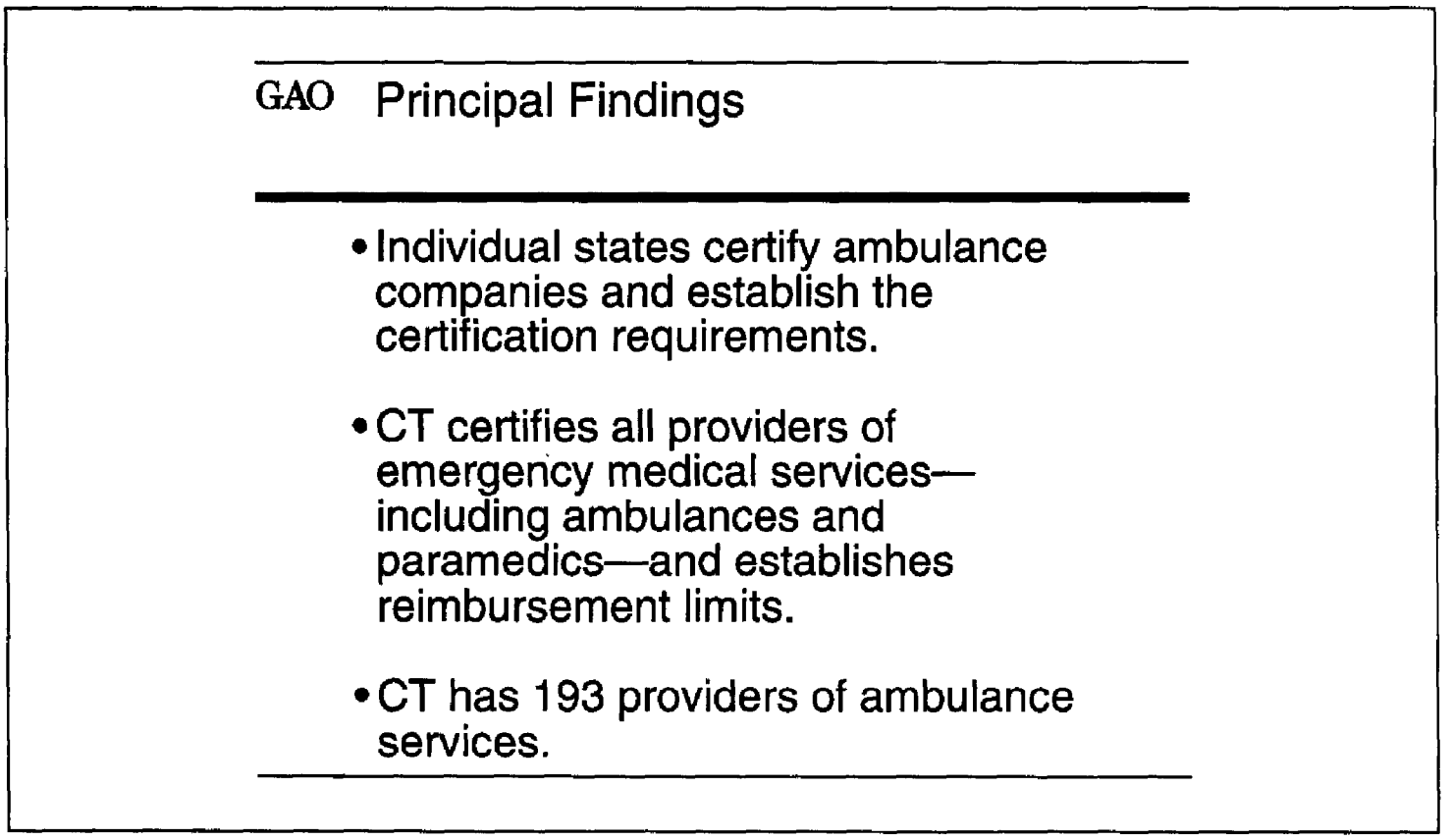

## Additional Comments

Section 1861(s)(7) of the Social Security Act (Medicare statute) covers payment for ambulance services to the extent provided in regulations. HCFA's regulations cover ambulance services as they pertain to transportation of the sick and injured. Medicare does not pay separately for paramedic services.




## Additional Comments

While Medicare contractors rely on states to certify ambulances for Medicare participation, states establish their own certification requirements. In Connecticut, this certification is done by the Office of Emergency Medical Services, in the Department of Health Services.




## Additional Comments

Each of the five volunteer ambulance companies relied on emergency medical technicians—individuals who are not as highly trained as paramedics. An American Ambulance Association official told us that, nationally, volunteer ambulance companies generally do not have their own paramedics and thus seek outside paramedic services. Also, most volunteer ambulance companies do not bill for services.

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## Principal Findings

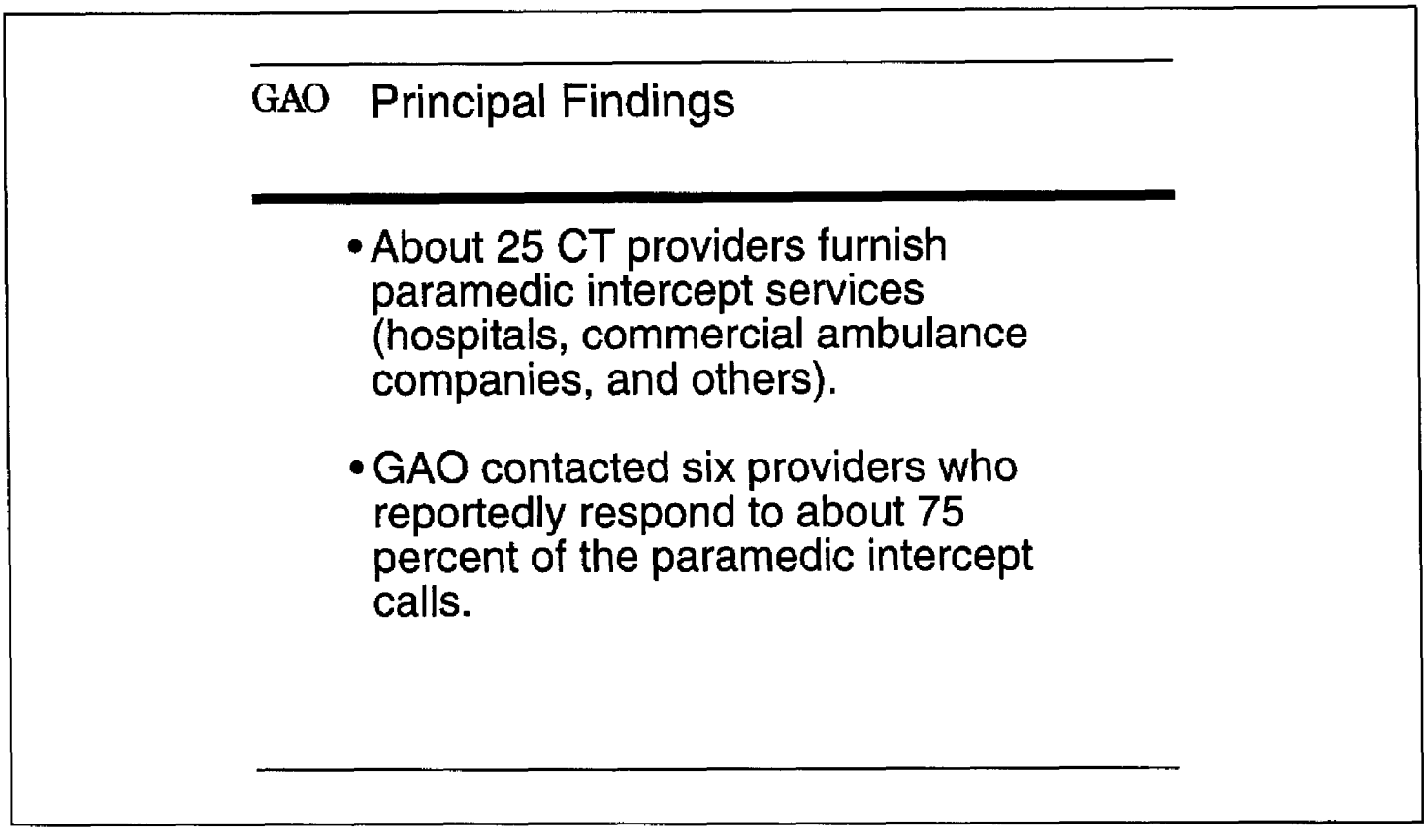
- 135 of the 193 providers are volunteers and most do not have their own paramedics.
- Only 41 of the 135 volunteers charge for their services.
- GAO contacted five volunteer ambulance companies. None had its own paramedics.

## Additional Comments

While specific data are not readily available, volunteer ambulance companies estimated that they served a high proportion of elderly people. For example, three estimated that about one-third to one-half of their calls were for people on Medicare.

## GAO Principal Findings

- Four relied on paramedic intercept services.
- Only one of the five routinely billed Medicare for ambulance services.
- Those using intercept services said paramedics billed patients directly.
- The five volunteer companies estimated they served a high proportion of elderly people.




## Additional Comments

While specific data are not readily available, the potential liability of Medicare beneficiaries for paramedic intercept services may be substantial. For example, one provider of paramedic intercept services estimated it billed about 2,500 calls in 1992, and about one-half were for people on Medicare. The provider's charge per call was $320. Another provider estimated it billed nearly 2,000 calls for the 1-year period ending April 30, 1993, and about one-third were for Medicare beneficiaries. The provider's charge per call was $324. For these two providers alone, the charges to Medicare beneficiaries may have exceeded $600,000.

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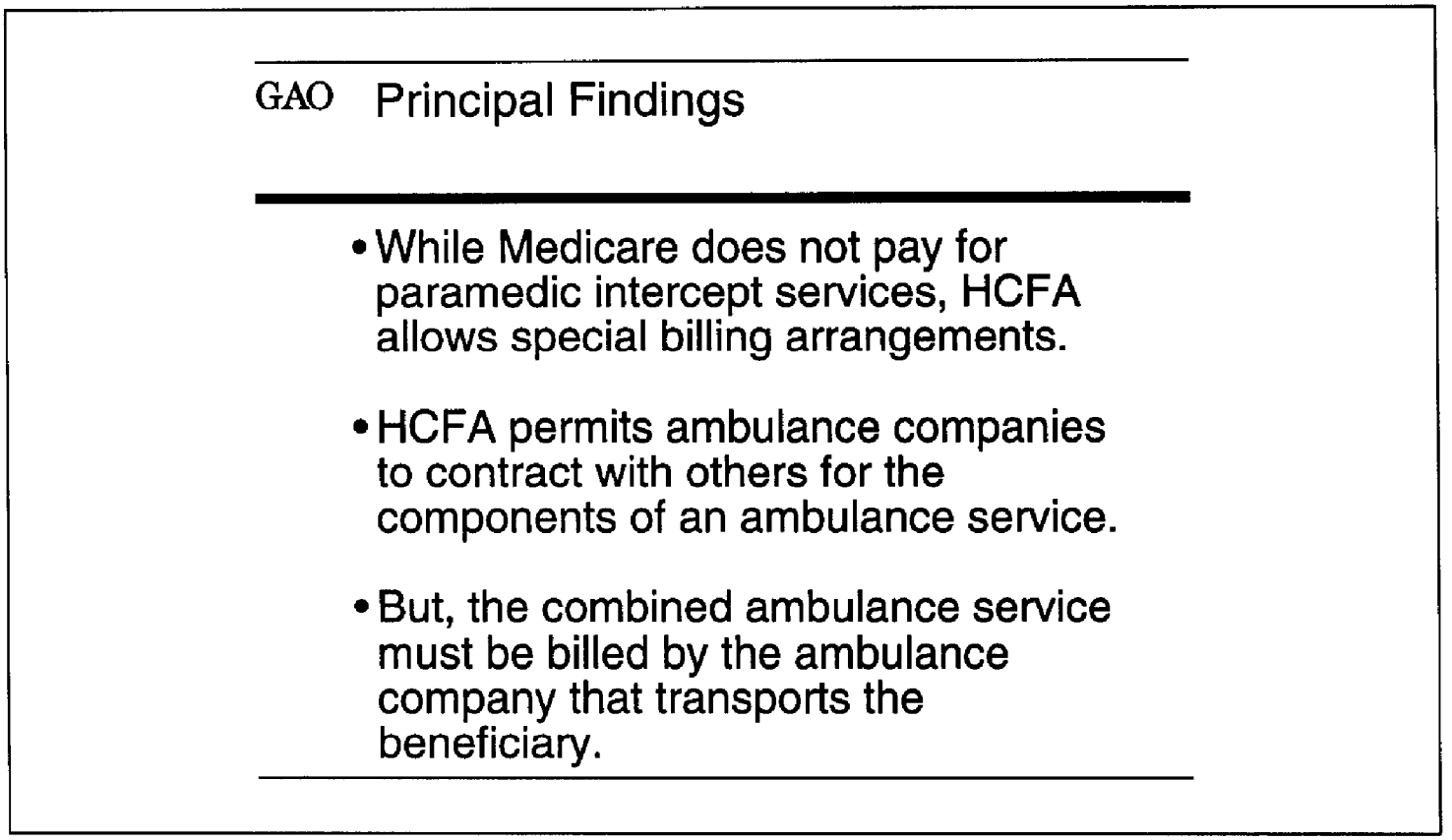
## Principal Findings

- All six charged for intercept services—$237 to $334 per call.
- Absent other insurance, five of the six billed Medicare beneficiaries for their paramedic services.
- The percentage of Medicare related calls is estimated to be high (exact data were not readily available.

## Additional Comments

An ambulance company that transports a patient may obtain paramedic services from another provider, such as a commercial ambulance company or a hospital that has its own paramedics. However, HCFA considers the transportation and paramedic components to be a single ambulance service, and the ambulance that transports the beneficiary must bill Medicare on a single claim form. Under this arrangement, Medicare would pay the ambulance company for the entire service, and the ambulance company would pay the provider of paramedic services the amount due under its contract.




## Additional Comments

Although volunteer ambulance companies are not using HCFA's billing arrangements, their decision does not seem to have been influenced by Connecticut regulations on ambulance services. Based on a health care provider request, the Connecticut Attorney General ruled in January 1993 that the state does not regulate billing issues.

To utilize HCFA's billing arrangements, a volunteer ambulance company would have to submit a claim to Medicare for both the transportation and paramedic services. Even if the volunteer ambulance company did not charge for its transportation services, it could still request payment for the paramedic services. Unless the volunteer ambulance company takes such action, however, no Medicare payment can be made. We found that volunteer ambulance companies—not having their own paramedics—have not billed the Medicare contractor in Connecticut for paramedic services. Most volunteer ambulances do not charge for their services, and several stated that doing so would be an administrative burden.

GAO Principal Findings

- Volunteer ambulance companies are not using these billing arrangements.
- CT regulations for ambulance services do not address billing issues.
- Because most volunteer ambulances do not bill for their services, HCFA's billing arrangements may not be a viable option.

## Additional Comments

The paramedic intercept issue is not solely a Connecticut issue, but a national one—particularly for those areas of the country that rely heavily on volunteer ambulances. This is based on information from HCFA and Medicare contractor memorandums/letters on Medicare operations in New Jersey and Pennsylvania, and comments made by officials of the American Ambulance Association, Connecticut providers of paramedic services, and the Connecticut Office of Emergency Medical Services.

## GAO Principal Findings

- HCFA agrees its policy on billing arrangements may need to be revised and has agreed to examine the issue.
- Paramedic intercept is not solely a CT issue.
- HCFA documents and comments made by the American Ambulance Association and others indicate it is a national issue.

## GAO Conclusions

- Volunteer ambulances are state-certified and most do not bill for their services.
- The potential liability of Medicare beneficiaries for paramedic intercept services may be substantial.
- HCFA has tried to minimize this liability by allowing special billing arrangements.

## GAO Conclusions

- CT volunteer ambulances are not taking advantage of these billing arrangements.
- This situation is likely to exist in other states where volunteer ambulances are prevalent.
- HCFA is reexamining its policy on special billing arrangements and may make revisions that could lessen the financial burden on beneficiaries.

# Major Contributors to This Briefing Report

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