Notice of Proposed Rulemaking soon.

Public comment.

After election.

Pafford Ambulance Service, Inc.

P. O. Box 130 • 214 Main Street
Hermitage, AR 71647

FAX TRANSMITTAL

TO Julie Demeo
Domestic Policy

FAX # 202-456-6087

DATE 9-9-96

PAGES (including cover) 2

FROM JAMIE PAFFORD-GRESHAM
VICE PRESIDENT,
PAFFORD AMBULANCE SERVICE,
1-800-451-8036
FAX 1-800-532-7571

Jen Klein — 9-10: Pls. handle. Carol - This came into Julie - her ATTN. I was going to call her but it looks issue oriented, so I figured to run by you first.

Pafford Ambulance Service, Inc.

P. O. Box 130 • 214 Main Street
Hermitage, AR 71647

VIA FACSIMILE 1-202-456-6687

9-9-96

TO: **Julie Demeo**

FROM: **Jamie Pafford-Gresham** Jamie -

Hey, just a quick line, I have been meaning to call and ask you were you at the democratic convention? I thought I saw a zoom in of you on TV Ben, (my husband), agreed, but of course we could be wrong!

I was wondering if HCFA has defined "RURAL" as far as ambulance services are concerned. (This relates back to an exception the President made on our behalf, that a rural exception be placed in the new guidelines for advanced life support ambulance transports).

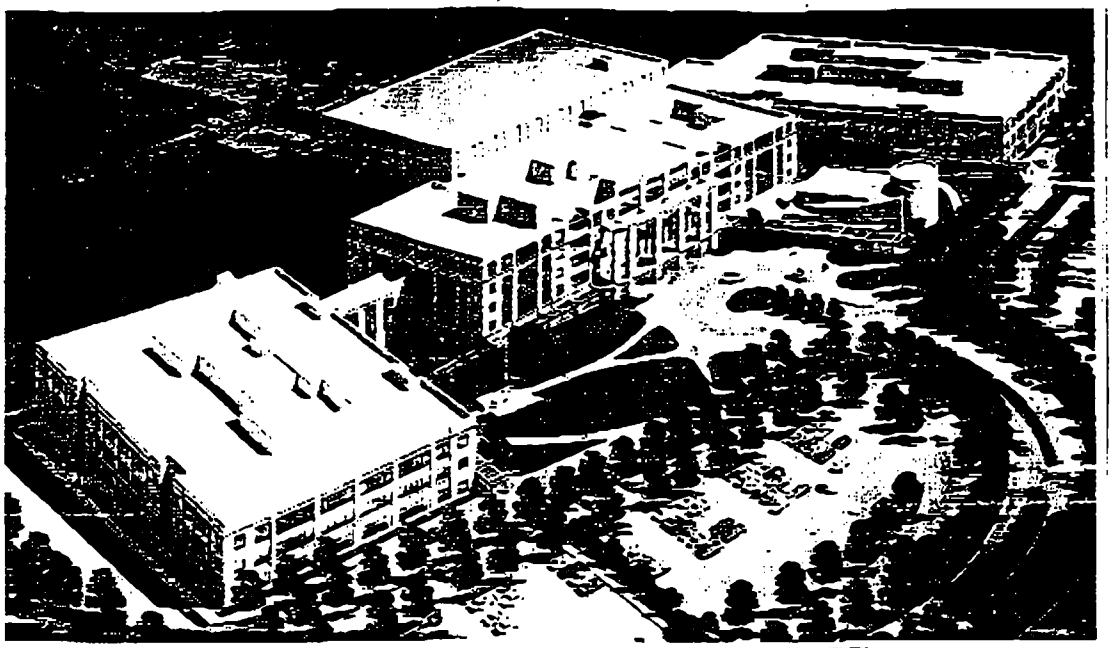
Has Jennifer seen anything come across her desk regarding ambulance services? I know you both are busy, but if you have heard anything I would appreciate knowing what's up.

I have a meeting in a couple of weeks in Chicago, if I can find some Clinton buttons I'll be wearing them to show our support. Everyone at the Arkansas and American Ambulance Association realizes the President has stuck up for rural services and is on our side. We appreciate that and will remember it come election time.

Take care, and thanks again for your help.

P.S. I was elected as Arkansas Ambulance Associations President at our convention. I am the youngest and first women to serve.

HEALTH CARE FINANCING ADMINISTRATION
NATIONAL HEADQUARTERS
7500 Security Boulevard
Baltimore, MD 21244-1850



FACSIMILE TRANSMISSION REQUEST

ADDRESSEE:(Name, Organization, Address)

Jennifer Klein

FROM: Jennifer Boulanger

OFFICE OF THE ADMINISTRATOR
C5-26-11

Phone: _____

Phone: (410) 786-3151

TOTAL PAGES:
Cover +

ADDRESSEE'S FAX MACHINE NUMBER
456-2878

DATE:

REMARKS:

Info on Ambulance - the proposed rule is in Departmental clearance.

IF FAX MACHINE RETRANSMISSION IS NECESSARY PLEASE CALL:

_____ **AT:** _____

(Name) **(Phone)**

Background

- Ambulance services are costly and rapidly escalating.

  At $1.7 billion in FY94, they are the most costly services that Medicare still pays based on reasonable charges.

  For the past 3 years, Medicare payment for ambulance services have increased 15% per year.

- There are two types of ambulances services currently being delivered, Basic Life Support (BLS) and Advanced Life Support (ALS), which is a more sophisticated and costly service.

- ALS services are approximately twice as costly as BLS services.

- Because they are paid based on reasonable charges, there is a wide variation in the actual payment amounts for ambulance services.

Current Policy and Proposed Change

- Medicare is currently operating under a transportation-based ambulance benefit where the type of vehicle used determines the level of payment, i.e. if an ALS vehicle is used, the ALS rate applies.

- We are in the process of preparing a proposed regulation that would move to a medical-condition-based benefit under which coverage and payment are determined by the level of care that is medically necessary.

Problem Raised by Local Government Regulation

- The ALS/BLS issue is further complicated by the fact that there are a number of local governments mandating through ordinances or regulations, ALS ambulance services as the minimum standard level of ambulance transport.

- This development has put Medicare in the position of paying at the ALS rate even when ALS services are not necessary, leading to increased expenditures for both the Medicare program and its beneficiaries who are subject to a 20 percent copayment on these services.

- While we do not dispute the value of ALS services when they are needed, we also do not believe that Medicare and its beneficiaries should pay at the higher rate in cases where ALS services are not required.

Rural Exception

- We recognize that certain rural areas could be adversely affected because it may not be economical for them to maintain multiple ambulances, a mix of ALS and BLS.

- Therefore, in these instances where only ALS services are available in a rural area, we would provide for an exception to our proposed policy change.

- We are refining the details of what constitutes a rural area, keeping in mind the rural area definition used in the Medicare Prospective Payment System for hospitals. We are also consulting with the Office of Rural Health Policy on this issue.

Regulation Process and Timing

- We have been meeting with the American Ambulance Association and the American College of Emergency Physicians on this issue on a regular basis.

Pafford Ambulance Service, Inc.
P.O. Box 130
214 Main Street
Hermitage, AR 71647

VIA FAXMILLE 1-202-456-2878

Jennifer Klein
Domestic Policy
The White House
Washington, DC

Dear Jennifer:

Attached please find the American Ambulance Association's interpretation of Section 11461 of the President's plan for Medicare reform under Budget Reconciliation. If our interpretation is correct, this section of the President's plan would have a significant impact on ambulance services covered under Medicare. My last conversation with you was on the eleventh of December, at this time you concluded that the President's plan did not impact current Medicare law for ambulance services, I would appreciate your reviewing this matter to resolve the different interpretations.

As we have discussed before, the American Ambulance Association does not object to ambulance services being put under a fee schedule. However, we believe that fee schedule language which specifically addresses the areas of coverage and reimbursement that needs reform should be included. Additionally, we believe that the process of negotiated rulemaking should be required as this would provide an opportunity for all affected parties (e.g. ambulance providers, State regulators, and the emergency physician community) to have direct input into a rulemaking adoption process. I have attached such language passed by the House of Representatives as an example of the type of language we believe is important.

Relative to the issue of inherent reasonableness, there are grave concerns that if this provision is eliminated it will remove an important safety net that ambulance providers have utilized, under unusual circumstances, to correct grossly deficient rates where they exist.

Please contact me at your earliest convenience so the apparent discrepancies of opinion can be resolved. Thanks again for your help in this matter.

Sincerely,

Jamie

Jamie Pafford-Gresham
Vice-President
Pafford Ambulance Service, Inc.

American Ambulance Association

VIA FAX

TO: Board of Directors
Joe Paolella, Government Affairs Committee Chairman
Wendy Ruhlin, Government Relations Representative
David Nevins, Executive Vice President

FROM: David Werfel

SUBJECT: Administration's Provisions Relating to Part B

DATE: January 12, 1996

In reviewing §11461 of the Administration's provisions for Medicare Part B, there are two major changes that will impact ambulance services, if I am reading the sections correctly.

These two changes, and the reasons for my conclusions, are as follows:

1. Fee Schedule - Section 11461(a) amends Section 1833 of the Social Security Act by eliminating the reasonable charge methodology and placing services described in Section 1832(a)(1) under a fee schedule. Section 1832a(1) refers to "medical and other health services". §1861s defines "medical and other health services". Ambulance is listed at subdivision 7. Therefore, ambulance services would be placed under a fee schedule.

It is important to note that ambulance services provided by hospitals reimbursed on a reasonable cost basis would not be affected by this provision, creating a discrepancy in how ambulance services are reimbursed by Medicare.

The proposed amendment of 1833a(1) strikes the "reasonable charge" methodology and replaces it with payment that is the lower of the actual charge or a fee schedule.

Ambulance services (other than those provided by a Part A provider) do not meet any of the exceptions in 1833a(1). Therefore, Part B ambulance services would be allowed the lower of the actual charge or "applicable fee schedule developed by the Secretary". Of course, no ambulance fee schedule has, as yet, been developed. However, once it is, ambulance services would be on it.

Executive Offices • 2800 Auburn Blvd., Suite C, Sacramento, CA 95821-2102 • (916) 483-3827 • FAX (916) 483-5473
Government Relations: Fleishman-Hillard, Inc. • 1301 Connecticut Ave. NW, Washington, D.C. 20036 • (202) 659-0330 • FAX (202) 296-6119
Medicare Consultant, David Werfel, Esq. • One Fabyre Drive, Hauppauge, NY 11788 • (516) 582-3284 • FAX (516) 582-3287
Labor Law Consultant, Jeff Tanenbaum • 350 California Street, 20th Floor • San Francisco, CA 94108-2693 • (415) 433-1940 • FAX (415) 399-8490

2. Inherent Reasonableness - Subdivision (b)(9)(A) of the proposed section 11461 strikes paragraphs (8) and (9) of 1842(b). These are the inherent reasonableness sections.

1842(b)(9) - This section is for the publication of adjustment to rates for physicians' services. Thus, its being deleted does not affect ambulance services. However, 1842(b)(6)(A) states that the Secretary shall describe in Regulations the factors used for determining when inherent reasonableness adjustments should be made. While 1842(b)(8)(B) and (C) specifically reference physicians services, 1842(b)(8)(A) does not and has been used as the basis for inherent reasonableness adjustments for ambulance.

Thus, we would have no methodology in place for correcting grossly deficient rates.

White House Proposal

(b) EFFECTIVE DATES.—

(1) The amendments made by subsection (c) apply to contracts whose periods end at, or after, the end of the third calendar month that begins after the date of enactment of this Act.

(2) The amendments made by subsections (a), (b), (d), and (e) apply to contracts whose periods begin after the third calendar month that begins after the date of enactment of this Act.

Subpart C—Provisions Relating to Part B of Medicare

SEC. 11461. REPLACEMENT OF REASONABLE CHARGE METHODOLOGY BY FEE SCHEDULES.

(a) IN GENERAL.—The matter in section 1833(a)(1) (42 U.S.C. 13951(a)(1)) preceding clause (A) is amended by striking "the reasonable charges for the services" and inserting "the lesser of the actual charges for the services and the amounts determined by the applicable fee schedules developed by the Secretary for the particular services".

Proposed New Section: 80% of the lesser of the actual charges for the services and the and(or?) the amount determined by the applicable fee schedule developed by the Secretary for the particular se

(E) by redesignating clauses (ii) and (iii) as subparagraphs (B) and (C), respectively, and

(F) by redesignating subclauses (I), (II), and (III) of subparagraph (A) (as redesignated by subparagraph (D) of this paragraph) as clauses (i), (ii), and (iii), respectively.

(9)(A) Section 1842(b) (42 U.S.C. 1395u(b)) is amended by striking paragraphs (8) and (9).

(B) The first sentence of section 1834(a)(10)(B) (42 U.S.C. 1395m(a)(10(B)) is amended by striking everything after "is authorized to" up to the period and inserting the following: "describe by regulation the factors to be used in determining the cases (of particular items) in which the application of this subsection results in the determination of an amount that, by reason of its being grossly excessive or grossly deficient, is not inherently reasonable, and to provide in these cases for the factors that will be considered in establishing an amount that is realistic and equitable".

(10) Section 1842(b)(10) (42 U.S.C. 1395u(b)(10)) is repealed.

(11) Section 1842(b)(11) (42 U.S.C. 1395u(b)(11)) is amended—

(A) by striking subparagraphs (B) through (D),

(B) by striking "(11)(A)" and inserting "(11)", and

Pafford Ambulance Service, Inc.

FAX Transmittal

P.O. Box 130
214 Main Street
Hermitage, AR 71647

FAX Number (800)532-7571
(501)463-8591
Office Number (800)451-8036

TO: Jennifer Klein

FAX Number: 202-456-2878

Date: 2/9/96

Number of Pages
(Including Header Page) 3

From: Janice Pafford

Comments: I did not send a copy of Memo with my fax this week - (see attached)
I have received several phone calls this week about the language of the draft.
Please review & let me know if we need to be concerned —
Thanks —
Janice
PS talked to Julie today - said y'all had been trying to catch me - sorry —
I understand you are researching this now —

American Ambulance Association

VIA FAX

TO: Board of Directors
Joe Paolella, Government Affairs Committee Chairman
Wendy Ruhlin, Government Relations Representative
David Nevins, Executive Vice President

FROM: David Werfel

SUBJECT: Administration's Provisions Relating to Part B

DATE: January 12, 1996

In reviewing §11461 of the Administration's provisions for Medicare Part B, there are two major changes that will impact ambulance services, if I am reading the sections correctly.

These two changes, and the reasons for my conclusions, are as follows:

1. Fee Schedule - Section 11461(a) amends Section 1833 of the Social Security Act by eliminating the reasonable charge methodology and placing services described in Section 1832(a)(1) under a fee schedule. Section 1832a(1) refers to "medical and other health services". §1861s defines "medical and other health services". Ambulance is listed at subdivision 7. Therefore, ambulance services would be placed under a fee schedule.

It is important to note that ambulance services provided by hospitals reimbursed on a reasonable cost basis would not be affected by this provision, creating a discrepancy in how ambulance services are reimbursed by Medicare.

The proposed amendment of 1833a(1) strikes the "reasonable charge" methodology and replaces it with payment that is the lower of the actual charge or a fee schedule.

Ambulance services (other than those provided by a Part A provider) do not meet any of the exceptions in 1833a(1). Therefore, Part B ambulance services would be allowed the lower of the actual charge or "applicable fee schedule developed by the Secretary". Of course, no ambulance fee schedule has, as yet, been developed. However, once it is, ambulance services would be on it.

Executive Offices • 3800 Auburn Blvd., Suite C, Sacramento, CA 95821-2102 • (916) 483-3427 • FAX (916) 483-5403
Government Relations: Fickenscher-Helland, Inc. • 1331 Connecticut Ave. NW, Washington, D.C. 20036 • (202) 296-3390 • FAX (202) 296-8116
Medicare Consultant, David Werfel, Esq. • One Ridge Drive, Massapequa, NY 11758 • (516) 583-3285 • FAX (516) 583-3287
Labor Law Consultant, Jeff Tannenbaum • 650 California Street, 20th Floor • San Francisco, CA 94108-2699 • (415) 433-1940 • FAX (415) 399-8490

2. Inherent Reasonableness - Subdivision (b)(9)(A) of the proposed section 11461 strikes paragraphs (8) and (9) of 1842(b). These are the inherent reasonableness sections.

1842(b)(9) - This section is for the publication of adjustment to rates for physicians' services. Thus, its being deleted does not affect ambulance services. However, 1842(b)(8)(A) states that the Secretary shall describe in Regulations the factors used for determining when inherent reasonableness adjustments should be made. While 1842(b)(8)(B) and (C) specifically reference physicians services, 1842(b)(8)(A) does not and has been used as the basis for inherent reasonableness adjustments for ambulance.

Thus, we would have no methodology in place for correcting grossly deficient rates.

FAX

Date: Sunday, February 04, 1996 **Time:** 3:32:01 PM 3 **Pages**

To: JENNIFER KLEIN

Fax: (202) 456-2878
Voice: +1 (202) 456-2599

From: JAMIE PAFFORD-GRESHAM
PAFFORD AMBULANCE-CORPORATE OFFI

Fax: 800-532-7571
Voice: 800-451-8036

Comments:

PLEASE REVIEW THIS WHEN YOU GET A CHANCE.

THANK YOU FOR YOUR HELP.

JAMIE

PAFFORD AMBULANCE SERVICE, INC.
PO BOX 130
HERMITAGE, AR 71647
1-800-451-8036

VIA FACSIMILE 1-202-456-2878

February 5, 1996

Jennifer Klein
Domestic Policy
The White House
Washington, DC

Dear Jennifer,

The following is a letter I faxed to you on the 15th of January. Please review it and see if you might could enlighten me on what might be going on. We hear such conflicting stories.

I am anxious to hear from you when you get a moment. My home number is 1-501-463-2807, I am under the weather, but needed to follow up on a few things, feel free to call me.

Sincerely,

Jamie Pafford-Gresham

PS Tell Juli Demeo we finally got some snow down here, but it was with 6 inches of ice!! We "southerners' don't know how to operate in the snow and ice! It was a nice treat.

R's = FREEZE

→ reas. charge methodology would apply to ambulances

→ other reforms should be addressed in rulemaking process - used to pay in acc. w/ type of vehicle / proposed rule

to look at determining payments based on type of care delivered

→ input on how fee schedule set → can't have negotiated rulemaking on fees - but opp. for public comment.

→ removes inherent reasonableness process - no local adjustment

→ doesn't effect hospital based ~~so~~ ambulance services - but that already exists

Δs reas. charge methodology

PAFFORD AMBULANCE SERVICE, INC.
PO BOX 130
HERMITAGE, AR 71647
1-800451-8036

VIA FACSIMILE 1-202-456-2878

Jennifer Klein
Domestic Policy
The White House
Washington, DC

Dear Jennifer:

Attached please find the American Ambulance Association's interpretation of Section 11461 of the President's plan for Medicare reform under Budget Reconciliation. If our interpretation is correct, this section of the President's plan would have a significant impact on ambulance services covered under Medicare. My last conversation with you was on the eleventh of December, at this time you concluded that the President's plan did not impact current Medicare law for ambulance services, I would appreciate your reviewing this matter to resolve the different interpretations.

As we have discussed before, the American Ambulance Association does not object to ambulance services being put under a fee schedule. However, we believe that fee schedule language which specifically addresses the areas of coverage and reimbursement that needs reform should be included. Additionally, we believe that the process of negotiated rulemaking should be required as this would provide an opportunity for all affected parties (e.g. ambulance providers, State regulators, and the emergency physician community) to have direct input into a rulemaking adoption process. I have attached such language passed by the House of Representatives as an example of the type of language we believe is important.

Relative to the issue of inherent reasonableness, there are grave concerns that if this provision is eliminated it will remove an important safety net that ambulance providers have utilized, under unusual circumstances, to correct grossly deficient rates where they exist.

Please contact me at your earliest convenience so the apparent discrepancies of opinion can be resolved. Thanks again for your help in this matter.

Sincerely,

Jamie Pafford-Gresham
Vice-President
Pafford Ambulance Service, Inc.