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Testimony
House Bill 1162
House Human Services Committee
Monday, January 16, 2023
North Dakota Emergency Medical Services Association

Good afternoon, Chairman Weisz and members of the committee. My name is Adam Parker, I represent the North Dakota Emergency Medical Services Association. The Association supports HB 1162.

Ambulance services are funded primarily through insurance reimbursements, local tax support, and state support. This bill represents the formula that determines how state support is distributed to each service. The formula has remained largely unchanged since 2019. Each biennium stakeholders contemplate various changes to the formula, but in the end determine a consistent formula is better than continually altering it since there are always winners and losers with any change.

The formula first determines a "minimum reasonable budget" for operating an ambulance service. This is determined by multiplying the average call volume for the service by the average expense per call. Here, we calculate the cost per call to be $1,750 per call based on data submitted to the state in the most recent grant cycle. The floor for the minimum reasonable budget is $60,000 since the above calculation does not adequate represent costs for the lowest call volume services.

Once the reasonable budget is determined, the formula subtracts two of the primary funding sources from the reasonable budget – insurance reimbursement and local tax support.

Insurance reimbursement is determined based on multiplying the average call volume by the average reimbursement, which was also determined based on data submitted to the state in the most recent grant cycle. Here, that number is $750 per call.

The local tax support is determined based on the property tax valuation of the agencies service area multiplied by five mills. Property taxes are the primary source of local funding for ambulance services across the state. The formula assumes the service levies five mills, regardless of the local support actually received by the service.

Once the insurance reimbursement and local tax support is determined, the product of those numbers are subtracted from the minimum reasonable budget. The resulting number is the eligible grant amount, subject to the appropriated amount. The last grant was prorated and only 29% of the agencies eligible grant amount was distributed to the agency.

Lastly, ambulance services that exceed an average call volume of 700 are excluded from the grant. This is an imperfect solution to the problem that the grant needs to end somewhere. The

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700-call volume cut off, which has been in place since the inception of the formula, assumes these services no longer need state support because they can be funded exclusively on insurance reimbursements and minimal local support.

The only change in the formula from the previous biennium is setting the average cost per call and reimbursement per call. This was previously determined by data submitted to HHS from agencies. This resulted in uncertainty to what the numbers would ultimately be and delays in the grant distribution. This change will hopefully streamline the grant cycle and result in greater predictability.

The Association also requests an amendment to address ambulance service closures. The local tax support calculation in the formula is determined based on the ambulance service area. When an ambulance closes the neighboring ambulances are reallocated the service area. This increase in area equates to an increase in property valuation resulting in a decreased eligible grant amount. This only exacerbates the stress placed on neighboring services when an ambulance closes. The amendment would delay the new area from being calculated in the grant to allow the agencies time to establish local tax support in the newly acquired area.

Thank you for the opportunity to testify, I would be happy to answer any questions you may have.