

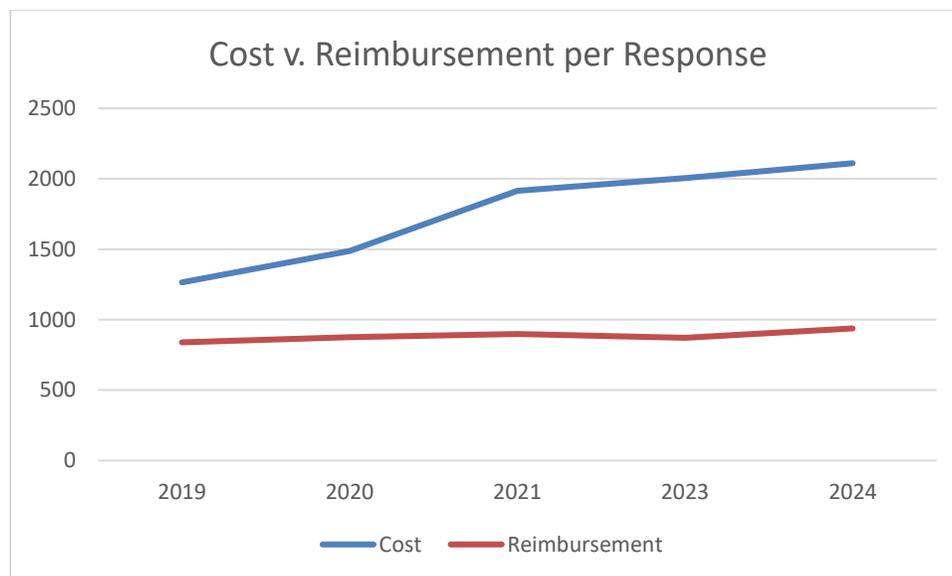


Testimony
House Bill 1322
Senate Human Services Committee
Tuesday, March 11, 2025
North Dakota Emergency Medical Services Association

Good morning, Chair Lee and members of the committee. My name is Bill Kalanek, and I am speaking on behalf of the North Dakota Emergency Medical Services Association. The Association supports HB 1322.

The No Surprises Act (NSA), passed by Congress in December 2020, largely prohibits balance billing patients for emergency services. One notable exception was ground ambulance services. An advisory committee was established by the NSA to make recommendations to Congress on how to prevent balance billing while ensuring access to services in the ground ambulance space. That committee published its report last Fall, and we expect Congress to act on the recommendations in the future. It is likely Congress will defer to state protections, if such protections exist. Therefore, we feel it's important to address this issue in our state to ensure a solution that meets the specific needs of our rural ambulance services.

Currently, 116 licensed ambulance services provide emergency response and transportation, as well as non-emergent services, 24 hours a day, 7 days a week. The cost of delivering these services has increased 66% over the past 6 years. Reimbursement, however, has remained largely stagnant, increasing only 11% over the same period. Therefore, the difference between the cost to deliver ambulance services and the reimbursement of those services is carried, in large part, by property tax payers.





At least 14 other states have enacted similar legislation, and 8 other states are considering such legislation, that protects patients from surprise bills while ensuring access by setting a rate which insurers must pay. HB 1322 accomplishes three primary objectives:

- 1) Prohibits ambulance service providers from collecting payments from a patient that is greater than the applicable coinsurance, copayment, and deductible.
- 2) Ensures payment for services are paid directly to the ambulance service provider
- 3) Sets a rate the healthcare insurer must pay to ensure access to ambulance services

Ambulance services in North Dakota often enter into contract with healthcare insurers because of a need to have timely payment for the services rendered. Absent a contract, the healthcare insurer will send payment to the patient, rather than the ambulance service. The ambulance service then has to attempt to collect from the patient, which is often difficult and results in significant delays in payment. Therefore, the ambulance services enter into contract with the largest healthcare insurers in North Dakota simply to receive direct payments.

Furthermore, ambulance services report no opportunity to have a meaningful negotiation over the rates for services. Rather, the contracts are a take-it-or-leave-it option because the ambulance services lack any significant leverage to negotiate. The healthcare insurers know the ambulance services need the money sent directly to them, and they know the ambulance must respond to and serve their covered persons, regardless of whether a contract exists or not. This leaves all the cards in the hands of the healthcare insurer.

For this reason, the bill proposes a direct payment provision. This is only logical, since the ambulance service is the one that has provided the services and should be paid for the services provided. However, this provision alone would result in an increase in balance bills submitted to patients.

Therefore, it is important for the provision that prevents ambulance services from balance billing patients to be included in the bill. This ensures patients are not responsible for more than their copayment, coinsurance, and deductible under their health plan.

Lastly, if we prohibit ambulance services from collecting directly from patients, without setting the rate that healthcare insurers must pay, we risk jeopardizing access to services due to financial insolvency. Ambulance services simply cannot survive when losing money on every call they respond to.

The original bill proposed a rate of 400% of Medicare. The average cost of delivering ambulance services, as illustrated by state data, is \$2,110.35 per response. Since not every response is a reimbursable call, the cost per transport (or reimbursable call) would be more. Also, Medicare and Medicaid reimburse well below the cost of providing service, so those transports are underfunded as well. A recent Medicare Ground Ambulance Data Collection Report found the average cost per response for low volume ambulances to be \$2,457. The average cost per



transport was \$3,652. Therefore, the state collected data is in alignment with federally collected data.

The Medicare rate for a BLS emergent ambulance call is \$435.90 and \$8.76 per mile. 400% of the base rate would be \$1,743.60. If the call was in a “super-rural” area the base rate would be \$2,201.80. The rate per mile, at 400%, would be between \$35.04 and \$36.08 depending on geographic modifiers.

Note: The \$3,652 per transport cost is over 700% of the Medicare rate.

Therefore, although 400% is well below the cost of service delivery, it would be a significant improvement from the approximately 250% currently reimbursed by commercial insurers and which is currently in the bill. This increase in funding would significantly help the sustainability of rural ambulance services in North Dakota. Furthermore, it would decrease the burden on local property taxpayers who are subsidizing the healthcare insurers below-cost reimbursement rates.

This bill will help to strengthen our EMS system in North Dakota while ensuring access to our critical rural ambulance services. We appreciate the legislature’s long-standing support to the EMS system and look forward to working with you on this bill.

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