

Testimony on HB 3243: Ground Ambulance Balance Billing

February 27, 2025

Chair Nosse and Members of the Committee,

My name is Mary Anne Cooper, and I am the Oregon Director of Public Affairs and Government Relations at Regence BlueCross BlueShield of Oregon. While we fully support prohibiting balance billing for both emergency ground ambulance services and non-emergency interfacility transfers, we have concerns about statutorily mandating a rate for ground ambulance reimbursement well in excess of the Medicare rate and without a true cap on charges.

As one of the state's largest health insurers, Regence is committed to addressing both persistent and emerging health needs for the nearly one million Oregonians we serve. In keeping with our values as a tax paying nonprofit, 89% of every premium dollar goes to pay our members' medical claims and expenses. Any increase in the rate that ground ambulance providers are reimbursed will raise the overall rate of premiums for all members and get our state further from its affordability goals.

Setting rates at the local rate or 400% of Medicare rate will increase costs for Oregonians. 400% of Medicare is more than 150 points higher than our median reimbursement for ground ambulance services, and more than most ambulance providers' rates today (particularly with respect to local governments). This remains true even with the proposed amendment to 325% of Medicare. Today, most ambulances are out-of-network and are paid an "allowed amount" for services, which is a rate set by each insurer across the

state. Instead of encouraging a negotiation between ambulance companies and insurance companies, this bill instead mandates a reimbursement rate four times that of the Medicare rate, or even higher when set locally.

The necessity of a rate in such substantial excess of Medicare is unclear. CMS has established a rate-setting formula that reflects actual level of service provided and allows for adjustments based on factors like geographic area and distance traveled. These rates and additional factors are annually adjusted for inflation. While we understand that many providers say that Medicare rates are too low, there is data that demonstrates that Medicare rates are profitable for ambulance providers: A 2012 GAO report¹ found median Medicare margin was about +2% in 2010 and some providers reported Medicare margins as high as +9%.

Commercial prices are already growing at a faster rate² than Medicare for ground ambulance, and this bill is likely to exacerbate that trend. Private insurers' average payments for trips increased 56% between 2017 and 2020 whereas Medicare rates only increased about 5% in the same time³. In 2022, when the national median employer-sponsored insurance payment was 2 times that of Medicare,

¹ United States Government Accountability Office, & Cosgrove, J. C. (2012). **AMBULANCE PROVIDERS costs and Medicare margins varied widely; transports of beneficiaries have increased.** In Report to Congressional Committees (p. i) [Report].

<https://www.gao.gov/assets/gao-13-6.pdf>

² Martin, J. H. K. B. J. C. K. (2024, December 19). **Commercial Prices for Ground Ambulance are Double Medicare Rates.** HCCI. <https://healthcostinstitute.org/hcci-originals-dropdown/all-hcci-reports/commercial-prices-for-ground-ambulance-are-double-medicare-rates>

³ Kelmar, P., U.S. PIRG Education Fund, McGovern, W., Sherman, A., Arnold Ventures, Azpiazu, J. D., & Meltzer, A. (2022). **THE HIGH COST OF AMBULANCE SURPRISE BILLS** (By U.S. PIRG Education Fund & Arnold Ventures).

<https://publicinterestnetwork.org/wp-content/uploads/2022/12/EMERGENCY-The-high-cost-of-ambulance-surprise-bills-USPIRG-Education-Fund-December-2022-Final.pdf>

Oregon's was almost 3 times the rate of Medicare – higher than our neighboring states in Washington and Idaho.

These increases in commercial rates are likely due in part to the prevalence of out of state private ownership in ground ambulance services⁴. In 2011, 4 suppliers accounted for 20% of all industry revenue. For example, American Medical Response – which is owned by private equity firm KKR⁵ and is the largest ambulance company in the US - is a ground ambulance provider in Multnomah, Clackamas and Josephine counties in Oregon and Clark and Cowlitz counties in Washington.

Since most plans have some form of co-insurance or cost sharing, setting the reimbursement rate at 400% of Medicare where there is no local rate will result in a rate increase to many ambulance companies while also raising costs for our members. Despite the bill seeking to limit consumer cost sharing to \$100, it is estimated that nearly 60% of Oregonians on commercial insurance have a high deductible health plan, where the consumer is federally required to pay the deductible. Further, if the \$100 cost share remains, it will impact member premiums as those costs shift to the plan to cover and are reflected in member premiums. This concern remains true even at rates set at 325% of Medicare.

We are also concerned that this legislation will drive costs even further from meeting Oregon's cost growth target. Ground ambulance rates are reported to OHA as part of carriers' reporting on cost growth over time, and upward pressure on ground

⁴ Commission. (2013). Mandated report: Medicare payment for ambulance services. In Report to the Congress: Medicare and the Healthcare Delivery System. https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/chapter-7-mandated-report-medicare-payment-for-ambulance-services-june-2013-report-.pdf

⁵ KKR buys largest ambulance service for \$2.4B. (2017, August 8). CFO.com. <https://www.cfo.com/news/kkr-buys-largest-ambulance-service-for-24b/660034/>

ambulance rates with no rate cap will continue to stack costs on top of already high prescription drug and hospital cost growth.

Notably, the rate proposed in this legislation is considerably higher than the rate codified in legislation in many other states, where 325% of Medicare is a more common benchmark and at least one state has set costs as low as 180% of Medicare, and would make Oregon a national outlier for ground ambulance rates.

We also have concerns about relying only on the local rates set within jurisdictions, and believe that there should be an overall cap on rates. The local rates set within jurisdictions are based solely upon the information provided by ambulance companies, and do not undergo any third-party verification or test for costs actuarial soundness. Further, allowing local governments to be solely responsible for setting rates may reduce their incentive to fully fund their share of ambulance services, increasing the burden of a community service on those with commercial insurance, who will be paying the highest rate for those services. This is particularly notable given that Medicaid payment for ground ambulance is considerably below Medicare rates, meaning that commercial insurance is already paying a disproportionate share of ambulance costs.

We have been in discussions with proponents about our concerns about the bill, and continue to be willing to work with them on a bill that both protects patients from balance billing and ensures reasonable rates for consumers. We believe that must include ensuring a hard rate cap on ground ambulance rates. We would also recommend amending the bill into Oregon's balance billing statutes and using the definitions already in the balance billing statute.

We support the goal of the legislation to prevent consumers from facing high balance bills from ground ambulance providers but

encourage you to set a benchmark price that is more realistic for today's environment.

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