

Legislative Analysis



SUPPLEMENTAL PAYMENT PLAN FOR MEDICAID AMBULANCE PROVIDERS

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House Bill 5695 (H-2) as reported from committee
Sponsor: Rep. Mike McFall
Committee: Local Government and Municipal Finance
Revised 12-11-24

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 275 of 2024)

SUMMARY:

House Bill 5695 would amend the Social Welfare Act to authorize a supplemental reimbursement program for ***eligible ground emergency medical transportation providers*** (i.e., ambulances) that provide services to Medicaid recipients, known as the Ground Emergency Medical Transportation program (see **Background**, below). Participation in the reimbursement program would be voluntary.

Eligible ground emergency medical transportation provider would mean a public provider that provides ground emergency medical transportation services to medical assistance recipients, is enrolled as a Medicaid provider for the period for which reimbursement is being claimed, and is owned or operated by an ***eligible governmental entity***.

Eligible governmental entity would mean an entity that is eligible under federal law to provide ground medical transportation services, including the state, a city, a county, a fire authority, a township, an ambulance authority, a federally recognized Indian tribe, or a local unit of government.

The Michigan Department of Health and Human Services (DHHS) would have to initiate the process to amend the state's Medicaid state plan to establish and administer the ambulance reimbursement program no later than 90 days after at least two eligible ground emergency medical transportation providers have submitted a complete and acceptable cost report.

DHHS could limit the program to the reimbursement of costs that are allowable under title XIX of the federal Social Security Act.¹ The department would have to submit claims for federal financial participation for federally allowable expenditures and submit necessary materials to the federal government to provide assurances that claims for federal financial participation will only include those allowable expenditures. (DHHS could use intergovernmental transfers or certified public expenditures to implement this provision.)

The supplemental reimbursement would have to be distributed exclusively to eligible providers under a payment methodology based on the ground emergency medical transportation services provided to Medicaid recipients. The amount of supplemental reimbursement to an eligible provider would be equal to the amount of federal financial participation received for the provider's cost for the services, up to 100% of the actual cost incurred (as determined under

¹ Title XIX provides for federal grant payments to states for Medicaid programs.

the state Medicaid program for ground emergency medical transportation services) when combined with the amount received from all other sources of Medicaid reimbursement. In order to calculate the amount of supplemental reimbursement due, an eligible provider would have to make any information that establishes that the expenditures qualify for federal financial participation readily available to DHHS.

DHHS would have to pay supplemental reimbursements to eligible ground emergency medical transportation providers for services provided on a fee-for-services basis and managed care program recipients in the state's Medicaid program.

Proposed MCL 400.109p

BACKGROUND:

The Ground Emergency Medical Transportation (GEMT) program is a voluntary program administered by the U.S. Centers for Medicare and Medicaid Services (CMS) to provide supplemental reimbursement to public emergency medical service (EMS) providers for the uncompensated costs of providing EMS ground transportation services to Medicaid beneficiaries. Although Michigan has the eighth most Medicaid enrollees among the states, it currently is not a part of the GEMT program. Some believe that, for this reason, the state is leaving federal money on the table that could be used to support local EMS transportation providers.

BRIEF DISCUSSION:

According to committee testimony, Michigan's EMS and ambulance providers struggle to cover the cost of transportation for Medicaid enrollees, as current Medicaid reimbursements account for only a small fraction of the costs incurred. The gap in coverage contributes to financial instability for these local agencies, which can lead to longer response times, diminished quality of care, and reduced service availability. Supporters of House Bill 5695 argue that participation in the GEMT program would address this issue by ensuring that ground emergency medical transportation providers receive adequate funding for services they provide, and the supplemental funding would have a positive ripple effect because EMS agencies could use the reimbursement money to invest in staffing, training, and equipment. These investments would improve patient outcomes, reduce barriers to access, and address first responder shortages. Further, supporters of the bill suggest that participation in the GEMT program would address gaps in municipal budgets, since the ability to use federal supplemental funding to offset certain EMS costs would provide more flexibility for local governments to allocate funds elsewhere.

No arguments opposing the bill were presenting during committee testimony, but concerns were raised about the benefit of the GEMT program when not all EMS agencies are eligible to participate and only a third of the patients who use ground emergency transportation services in Michigan would be covered by the program. Smaller emergency service agencies would not see a financial benefit from GEMT participation, despite suffering from the same worker shortages and increased service costs that all providers currently experience. Additional concerns were raised about the necessity of the bill because CMS has paused the approval of new applications, meaning that Michigan could not immediately join the GEMT program or receive the funding even if the state submitted an application. (However, supporters of House

Bill 5695 respond that none of these concerns should stop the state from applying to receive federal money and argue that larger agencies should not be penalized just because not all providers would benefit. They suggest that, due to the opt-in nature of the GEMT program, there would be no detriment to smaller EMS agencies if the state applied for reimbursement.)

FISCAL IMPACT:

Aside from additional administrative costs of up to \$1.5 million for the Department of Health and Human Services to implement and maintain the supplemental payment program, House Bill 5695 would not incur any additional programmatic costs to the state and would increase federal funding to eligible local units of government. The bill would allow DHHS to aggregate ground emergency medical transportation costs incurred by participating local units of government, as well as any other public provider of these services operating in this state, and submit the expenditures to the Centers for Medicare and Medicaid Services (CMS) for the purposes of drawing down federal matching dollars. These additional funds could then be redistributed as a pass-through by the state to cover local units' gap between Medicaid reimbursements issued by the state (including specialty payments such as QAAP) and the actual costs of providing the services, resulting in a substantive, yet indeterminate net increase in revenues for those local units of government. Public providers who voluntarily participate in this program would be the only entities able to draw the additional funds due to the ability to verify costs through publicly funded accounting and reporting (i.e., less variance in costs due to the providers operating in an environment that limits what can be charged for providing services to approximately "at-cost"). Programs such as the Medicaid School Based Services, which is also based on federal pass-through funding for certified public spending, operate in a similar manner.

The amount of federal revenues available for services is dependent on several variables, the most important of which is the Federal Medical Assistance Percentage (FMAP), which for FY 2024-25 is 65.13%, meaning that for every dollar the state/locals spend on Medicaid services, the federal government will reimburse approximately \$0.65. Similarly, the Health Michigan Plan (HMP)—Michigan's Medicaid expansion under the Affordable Care Act—has a statutorily set reimbursement rate at 90% that supersedes the annual FMAP adjustment and provides \$0.90 for every state/local Medicaid dollar spent.

POSITIONS:

Representatives of the following entities testified in support of the bill (11-13-24):

- City of Detroit Fire Department
- Madison Heights Fire Department
- Sterling Heights Fire Department

The following entities indicated support for the bill (11-13-24):

- Addison Township
- Addison Township Fire Department
- Battle Creek Fire Department
- Blair Township
- Blair Township Emergency Services
- Brandon Fire Department

- Canton Township
- City of Dearborn
- City of Dearborn Heights
- City of Dearborn Heights Fire Department
- City of East Lansing Fire Department
- City of Ferndale
- City of Ferndale Fire Department
- City of Hazel Park
- City of Lansing
- City of Romulus Fire Department
- City of Roseville
- City of Sault Ste. Marie
- City of Sault Ste. Marie Fire Department
- City of Southfield
- City of Sterling Heights
- City of Taylor Fire Department
- City of Trenton
- City of Utica Fire Department
- City of Westland Fire Department
- Conference of Western Wayne
- Delta Charter Township
- East Bay Township
- Frederic Township
- Fremont Township
- Garden City Fire Department
- Grant Traverse Metro Services Authority
- Independence Township Fire Department
- Iosco County EMS
- Lake Township
- Lapeer County EMS
- Leland Township
- Livonia Fire and Rescue
- Meridian Township
- Michigan Association of Counties
- Michigan Association of Fire Chiefs
- Michigan Municipal League
- Michigan Townships Association
- Northern Michigan Association of Fire Chiefs
- Orion Township Fire Department
- Oxford Charter Township
- Plymouth Charter Township
- Redford Charter Township
- Shelby Charter Township
- Shelby Charter Township Fire Department
- Shelby Township
- Southeast Michigan Council of Governments

- Springfield Township Fire Department
- Three Rivers Fire Department
- Traverse City
- Waterford Charter Township
- Wayland Area EMS
- Western Michigan Association of Fire Chiefs

A representative of Michigan Association of Ambulance Services testified with a neutral position on the bill. (11-13-24)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.