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UPDATE
MEDI-CAL INCREASE FOR AMBULANCE SERVICES

June 22, 2006

TO: CAA MEMBERS

FROM: David A. Nevins, President
Joe Yocca, Legislative Advocate

RE: MEDI-CAL INCREASE UPDATE

Yesterday, the office of the Legislative Counsel approved the following proposed language, submitted by CAA, for the Health Trailer Bill for the state budget. If we are successful, it will not only provide a substantial increase in Medi-Cal payments to providers over that which was considered in the Medi-Cal rate increases, \$16 million v \$10 million, but will also set the direction that Medi-Cal should reimburse ambulance services based on the same levels of transport as defined by Medicare. Over the past two weeks, CAA has gained support for this language among key legislators in both parties and our goal is to gain support in the respective party's caucuses.

"HEALTH AND HUMAN SERVICES BUDGET TRAILER BILL

MEDI-CAL

Proposal: To further the intentions of: *Assembly Budget Proposal 4620 Item 101-0890, Budget Trailer Bill Language On 50 Percent Medicare Fee-For-Service Rate Request*

Proposed Trailer bill Language:

"Notwithstanding any other provision of law, the Department shall establish and reimburse Medi-Cal rates for emergency and non-emergency ambulance providers at 50 percent of Medicare rates in effect on July 31, 2006 for all services, beginning August 1, 2006."

Budget Policy Points of Information

1. Medi-Cal pays only 25% on average of ambulance transport costs. Recent fuel and energy increases have hit the industry hard, making this statistic very grave. Full Medicare rates are only just at cost, in the best cases, and many times are still well below. This proposal is only to bring Medi-Cal to 50 percent of Medicare.

2. DHS is allotted to provide to ambulance transport over \$32M both state and federal funds each and every year. It is clear though research of ambulance provider rates and reimbursement that significantly less than this total funding is reimbursed by DHS to providers; there is plenty of current level funding within DHS to make this proposal viable.
3. Unlike other Medi-Cal providers, ambulance transport providers cannot limit their Medi-Cal populations to save their businesses. Every time a 9-1-1 call is received, ambulance providers must respond, no matter that Medi-Cal only will cover less than 25 % of their cost, on average.
4. Ambulance providers are the 9-1-1 safety net and homeland security / natural disaster transport provider for the state. The state has a duty and an obligation to the citizens to protect and ensure a fully functioning ambulance transport system. Without this increase, this system is in real jeopardy.
5. Without immediate action this year, ambulance transport in the state will be seriously deteriorated. Urgent action is critical to the survival of this vital program.

Although this week Democrats dropped their proposal to extend state health insurance programs to all California children, including undocumented immigrants, Republicans are saying they still will not vote for the \$131 billion budget because it also includes \$23 million that Governor Schwarzenegger put in to shore up existing county health programs covering children who are in the United States illegally. The Democrats change of heart leaves the Governor aligned with them but on the opposite side of the issue from members of his own party. While there are other budget items that remain unresolved, this was the primary reason the legislature failed to meet its budget deadline of June 15, 2006. The state fiscal year begins July 1 and the budget impasse may continue past this date, however the situation is very volatile and when a budget does pass out of the Legislature, we anticipate it will be signed by the Governor without delay. The budget trailer bills normally pass out of the legislature one-two weeks after the budget.

Thanks to those who wrote and contacted their legislators on this issue. Feedback from the Capitol is that our message has been heard loud and clear. It now comes down to peer to peer influence in the legislature.

As always, we will continue to update you on this issue as it develops.