

New Revenue Ideas AAP Seminar 2009

New Revenue Sources



Hosted by:



Presented by:



Disclaimer

The presenter is an attorneys and does not provide legal advice. The information contained in this presentation is intended for informational purposes only and should not be construed as legal advice or direction.

The presenter plans to share knowledge and practical experience with the attendees.

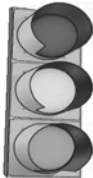
All attendees are advised to obtain professional legal advice from an attorney before implementing any material change in their subscription, billing, administrative; operational polices or any other matter which is governed by law or regulation.

2

Winds of Change

... coming soon to a neighborhood near you!

- Declining payments per trip:
 - Medicare Fee Schedule (below our average costs)
 - Managed Health Care
 - Rising Deductibles
 - New Co-payment Requirements
 - Medicaid Rates still below our costs!



3

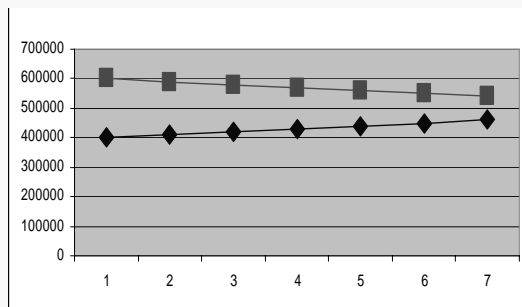
Winds of Change

... coming soon to a neighborhood near you!

- Ever-increasing Labor and System Costs
- Limited Subsidy:
 - Have we have spoiled our local communities???
- Expensive new Medications and Technologies

4

E.M.S. Revenue vs. Expenses



5

E.M.S. Revenue Sources

- Fee for Service (Billing)
- Subscription Drive
- Donation & Capital Fund Drives
- Grants
 - EMSOF
 - Federal and State
- Subsidy (Municipal)
- Loans
 - 2% Loan Program for capital items



6

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Who are the Payers?

- Medicare Part B and HMO's
- Medicaid and HMO's
- Managed Care and HMO's
- Commercial Insurance Companies
 - Auto
 - Health
 - Workers Compensation
- Patients
- Hospitals and SNF Facilities
- Other Ambulance Services
- Local Government

7

Proactive Billing and Collection

- Conduct an objective review of your entire collection process
- 90-120 internal Collection Process
- Use of a clearinghouse and other technology to achieve "Real Time" Claim Access
- Offer discount for prompt payment!

8

Proactive Billing and Collection

- Do you have a Indigent or Financial Hardship Policy?
- Why is it necessary?
 - Compliance
 - Standardized "write off" policy
 - Case by Case basis

9

Proactive Billing and Collection

- Adjust hours for internal collection calls
- Use of internal / external "legal letters"
- Prompt turnaround to outside collection
- Magistrate hearing for repeat offenders

10

Are Subscription / Membership Programs Legal?

11

E.M.S. SUBSCRIPTIONS

- Still a great source of stable revenue!
- Can be helpful in offsetting other declining revenue sources
- Can save subscribers hundreds of dollars!!!
 - Managed Care deductibles are rising!
 - Great Marketing Theme!

12

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Subscription Tips

- “Unlimited” Emergency Medical Services
 - Consider adding: “When available to respond”
- “Limited” Non-Emergency Services
- Do not try to over educate in the subscription mailing
 - Volunteer Recruitment

13

Terms and Conditions

- Large Type with concise information
- Lots of Pictures!
- Do not promise free services!
- Program terms and conditions should in writing and explicit!!!
- Offer to send a copy “upon request”

14

SUBSCRIPTION PAYMENTS

- Use of the Internet
 - Establish Secure Internet Web Site for Application
 - Credit Card Payments
 - Discount for on-line payment?

15

Actuarial Risk Analysis

- Have you conducted an actuarial assessment of your subscription program?
- What is it?
- OIG has not issued a concise definition or precise criteria
- The common basic understanding of the term is:
 - Subscription revenue from Medicare beneficiaries must meet or exceed the expected amount of write-off

16

Actuarial Risk Analysis

- Compare the subscription amounts received from Medicare beneficiaries to the amounts “written off” for ONLY co-insurance and deductibles
- Should be an integral component of your organization’s compliance efforts and annual review

17

Business Subscription Programs

- Do They Work?
 - Many businesses think they do not need to pay additional amounts
 - Already paying taxes and insurance premiums
 - Typically 10% is the average return
 - How about a barter arrangement?
- Who is Covered?
 - Customers?
 - Employees while at work?
 - Employee’s Family Coverage?

18

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Capital Fund Drives

- **Do They Work?**
 - Yes, most clients receive a positive return
 - Set realistic goals
 - Consider multiple year projects

19

How can we market more effectively?

- **Reciprocal Subscription Agreements**
 - More Value for subscribers
 - Include a map of reciprocal area
 - Good marketing technique
 - Check and verify actuarial risk!
- **Shared Services with Mutual Aid Companies**
 - Reduced Cost for Fundraising Counsel - Like US!
 - Decrease Costs Printing, Advertising and Marketing
 - Visibility Enhanced

20

SUBSCRIPTION PAYMENTS

- **Redesign your Web Site:**
- Online Membership Application
 - Must be a secure site!
- Discounts for Internet Sign-up?

21

Marketing Ideas

What do we have that others do not?

What sets us apart from the others?

What issues can the public relate to?

22

Marketing Ideas

How can we appeal to the younger generation?

- It could happen to you!
- Pediatric Emergencies
- Response Times
- Managed Care Deductibles
- Employment Discounts

23

Act 7, 8, 9 of 2008

**Also know as the
“Code” Bills**

24

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3 Bills – 3 Acts One Purpose!!!

Signed into PA Law - March 17, 2008

Effective - May 17, 2008

- SB-7 of 2008 – 2nd Class Townships
- SB-8 of 2008 – Boroughs
- SB-9 of 2008 – 1st Class Townships

25

Act 7 of 2008

“The township shall be responsible for ensuring that fire and emergency medical services are provided within the township by the means and to the extent determined by the township including the appropriate financial and administrative assistance for those service”

26

Act 7 of 2008

b) The township shall consult with the fire and emergency medical services provides to discuss the emergency service needed of the township.

(c) The township shall require any emergency services organizations receiving township funds to provide to the township an annual itemized listing of all expenditure of these funds before the township may consider budgeting additional funding to the organization

27

What does this mean to you?

This is a *great opportunity* to begin (or continue) discussions with your local elected officials!!!

The new laws do not mandate municipal subsidies!!

28

What does this mean to you?

The new laws solidify the fact the municipality has the right and responsibility to designate its respective emergency service providers!!

29

What does this mean to you?

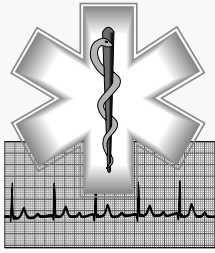
CAUTION:

*Remember the old saying....
Be careful on what you ask for
...because you might just get it!!!*

30

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Sample Municipal Talking Points



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31

E.M.S. Municipal Subsidy

- *Municipal subsidy levels vary widely from community to community*

– *None*

– *Partial*

- Indirect expenses such as Volunteer Workers Compensation premiums, fuel expenses, building / utility costs
- Direct - Annual donation or subsidy
- Dedicated % of Real Estate Tax
- Annual amount based upon budget request

32

E.M.S. Municipal Subsidy

- Provide a ***brief*** overview of the services you provide!
- Share some ***concise*** operational, financial and administrative facts;
- ***Focus on the quality of your services such as: response time benchmarks, training issues***

33

Critical Public Safety and Health Services Provided



34

E.M.S. Municipal Subsidy

- ***Focus on the issues related to 24 / 7 coverage including “the cost of readiness”***
- ***Do you what your actual costs are? Per call; per hour***
- ***What is your Unit Hour Utilization?***
- ***Productivity levels?***

35

Winds of Change

... coming soon to a neighborhood near you!

- Declining Revenue per Transport (HMO, PPO policies)
- Impact of Medicare Fee Schedule; (1984 levels; Avg. 7% below cost
- Increasing Co-payments and Deductibles
- % or \$\$\$ of residents who voluntarily subscribe or contribute
- Manpower Issues (loss of volunteers, staffing shortages, low pay, training requirements;)
- Increasing System Costs (payroll, benefits, fuel, etc.)

36

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Medicare Fee Schedule Summary : Effective: April 1, 2002

- Transition period ended on January 1, 2006
 - Base Rate and Mileage Reimbursement Only!
- All other previous revenue related to services such as ECG and disposable supplies such needles, fluids, medications supplies, etc. –
Supplies are NO longer reimbursed by Medicare and other related commercial insurance carriers!

37

KEY FACT:

- For most services, Medicare is the *single largest payer* of ambulance fees and costs
- Many other insurance companies “parrot” Medicare’s payment rules
- Therefore, Medicare, in fact, have been the largest underwriter of EMS system costs
- Fee schedule and tightening of payment and compliance rules (non-emergencies) has “*shifted the burden*”

38

KEY FACT:

- New Revenue Sources Tested:
- *Wheelchair Van*
 - *lowered cost but yield low margins;*
 - *Must maintain significant volume to increase net revenue;*
 - *PUC Regulations?*
- *Expanded Scope of Practice?*
- *Who then is responsible to pay for EMS?*

39

E.M.S. Municipal Subsidy

- Keep in mind that most municipalities have limited resources !!!
- You are competing for funding priority with every other existing municipal service
- We are the “*new kids on the block*”

40

E.M.S. Municipal Subsidy

- Obtain a better understanding and recognize that this is a ongoing **political and financial process!**
- Education is a key component of the process!
- Set realistic goals and objectives!
- Adjust or limit your expectations!

41

E.M.S. Municipal Subsidy

- Be careful not to deliver an ***ultimatum*** !!!
- Elected officials do have alternatives!!!
 - Contracting with other for profit / non-profit entities
 - Contracting with mutual aid companies
 - Splitting service area;
 - Consolidation

42

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Summary

- Be open minded and prepared! Be vigilant!
- Expect setbacks! Don't overreact!
- Unify! Coordinate and work together with other local, regional and state entities!!!
- Do not issue ultimatums!!!
- Recognize and understand the political and financial realities (local, regional, state and federal)
- Good Luck!

43

Questions??



**THANK YOU FOR PARTICIPATING
IN THIS SESSION!!!**

44

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