

- SUBJECT:** Liability for nonemergency ambulance charges denied by Medicaid
- COMMITTEE:** Human Services — favorable, without amendment
- VOTE:** 7 ayes — Uresti, Naishtat, Wohlgemuth, McCall, Miller, Olivo, Villarreal  
0 nays  
2 absent — Christian, Reyna
- WITNESSES:** For — Rachel B. Harracksing, Life Ambulance Service and Texas Ambulance Association; G.K. Sprinkle, Texas Ambulance Association  
Against — None
- BACKGROUND:** Medicaid is the state-federal health insurance program for low-income, elderly, and disabled people. In 1997, the 75th Legislature enacted SB 30 by Zaffirini (Human Resources Code, sec. 32.024(t)), requiring Medicaid service providers — physicians, nursing facilities, health-care providers, and other parties — to obtain prior authorization for nonemergency transport of Medicaid recipients by ambulance. The Health and Human Services Commission (HHSC) policy manual allows ambulance services that are denied payment because of lack of prior authorization to bill for reimbursement the health-care provider that requested transportation by ambulance.
- DIGEST:** HB 111 would require HHSC rules to provide that a person denied payment for ambulance services could be paid by a physician, nursing facility, health-care provider, or other responsible party that requested ambulance transport if:
- the denial under the medical assistance program (Medicaid) was due to lack of prior authorization, and
  - the person provided the responsible party with a copy of the bill for which payment was denied.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS  
SAY:**

Current state law and HHSC policy provide no effective mechanism by which ambulance services may be reimbursed when the Medicaid administrator denies payment for nonemergency transport of Medicaid clients because of lack of prior authorization. HB 111 would correct this oversight.

Medicaid patients may be transported by ambulance for nonemergency purposes, such as ongoing treatments or doctor's appointments, if they are severely disabled and cannot be transported by conventional means. Medicaid requires parties that request ambulance transportation on patients' behalf to obtain prior authorization from the Medicaid administrator to ensure medical necessity. Processing can take up to 48 hours, and the authorization may be rescinded if the administrator deems the transportation not medically necessary or otherwise invalid. Sec. 7.3.3.2 of the HHSC policy manual states: "Prior authorization is a condition for reimbursement, but is not a guarantee of payment." Authorizations may be short-term (usually up to 60 days), 180-day, or annual. A round trip by ambulance averages about \$100, according to HHSC.

HHSC policy encourages ambulance services to seek authorization confirmation, either from the administrator or the provider, but the 48-hour lag time does not always make this practicable before transport. Ambulance services also may seek reimbursement of denied charges from providers or may appeal to HHSC through the state administrator. The appeals process is time consuming, however, and denials are upheld 60 percent of the time. Ambulance services across Texas are losing money because providers are not following proper procedures designed to contain costs, and the system is not providing proper reimbursement.

HB 111 would make providers liable for reimbursing ambulance services for valid charges denied because of providers' lack of compliance, over which ambulance services have no control. Ambulance services generally may not deny transportation during emergencies, and some cities require ambulance services to accept nonemergencies as well. These constraints have created a high bad-debt load for the industry. In view of proposed Medicaid cuts, Texas

ambulance services need to be able to recover their costs from the responsible parties. HB 111 would hold Medicaid providers accountable for the ambulance services they request. Failure to stem these losses could lead to curtailment of ambulance services, because they may choose not to continue transporting patients for providers whose noncompliance costs them money. If so, patients would suffer the most.

**OPPONENTS  
SAY:**

HB 111 is not needed. State law and HHSC policy already allow ambulance services to appeal payment denials based on nonauthorization. If ambulance services are dissatisfied with reimbursement procedures, they should seek to reform the appeals process.

Shifting the financial burden automatically onto providers would be unfair. Other factors can come into play when prior authorization is not obtained or is denied or rescinded. Patients should not be harmed in order to accommodate bureaucratic priorities.

Since this issue does not relate to emergencies, ambulance services not otherwise obligated simply should refuse to transport patients if they have reason to believe they will not be paid or reimbursed because of questions about, or lack of confirmation of, prior authorization.

**OTHER  
OPPONENTS  
SAY:**

HB 111 would not solve ambulance services' problem. Although it would authorize them to seek reimbursement from providers, the bill merely would require HHSC to change its rules and would provide no penalties or enforcement mechanisms.

The bill should make the state administrator liable for ambulance charges if payment is denied because a prior authorization subsequently is rescinded for failing to meet established criteria, such as medical necessity. HHSC should have to report to the Legislature, either directly or through a budgetary performance measure, how often this occurs each fiscal year.