The True Cost of EMS:

Unpacking Reimbursement, Uncompensated Care, and Financial Sustainability

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Agenda

- Interpreting your GADCS results
- Replicable steps for calculating cost per transport
- Evaluating cost of service(s)
- Funding sources
- Wrap-up and Q&A
- NAEMT announcements

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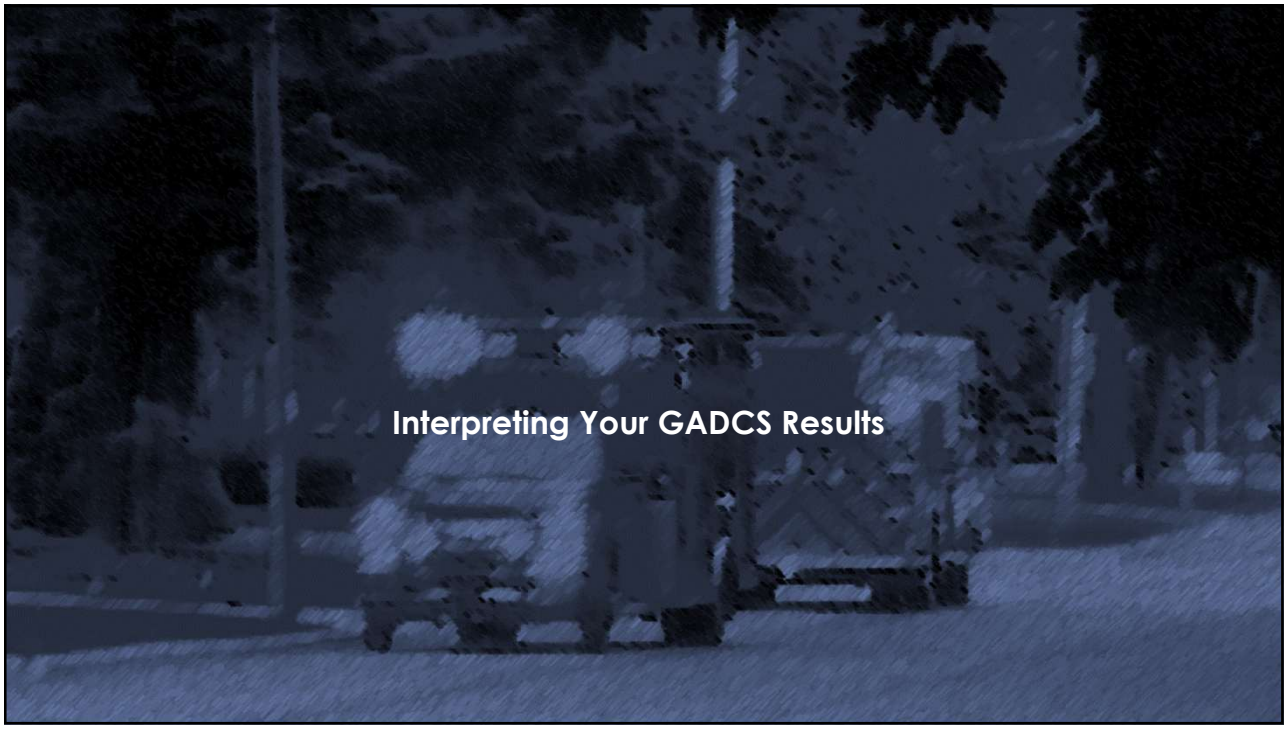

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Key Findings from GADCS Report

Mean Cost per Transport:

- Across all provider types: $2,673
- Governmental agencies: $3,127
- Private-for-profit agencies: $1,778

Mean Reimbursement per Transport:

- Across all payer types: $1,147
- Revenue Shortfall per Transport: Approximately $1,526

Total Volume Snapshot:

- Total Ground Ambulance Responses: 31.2 million
- Resulting in a Transport: 22.9 million (73%)
- Treatment in Place (TIP), No Transport: ~3.1 million (10%)
- Other Non-Transport (Refusals, Lift Assists, etc.): ~5.2 million (17%)

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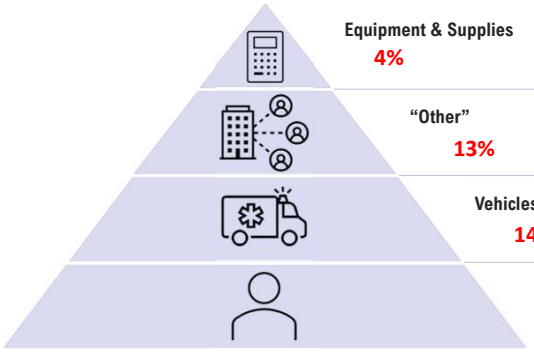
Financial Break Down of EMS



Equipment & Supplies 4%		Section 10 (Equipment & Supplies Costs)
"Other" 13%		Section 11 (Other Costs)
Vehicles & Facilities 14%		Section 8 (Facility Costs) Section 9 (Vehicle Costs)
Direct Labor Costs 69%		Section 7 (Labor Costs)

Calculating accurate costs requires identifying both direct and indirect expenses associated with EMS operations. Include costs that may fall outside your direct budget but relate to EMS provision. For shared services departments, proper cost allocation methodologies are essential to isolate EMS-specific expenses.

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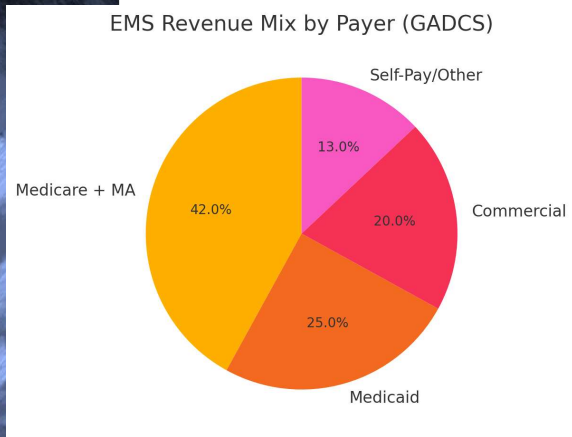
Compensation Break Down



Payer Type	Average Revenue per Organization
Traditional Medicare	$893,412
Medicare Advantage	$675,498
Medicaid (FFS + Mgd.)	$541,854
Commercial Insurance	$1,095,078
Patient Self-Pay	$230,757
All Other Payers	$155,268

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Estimated Uncompensated Costs

Estimated Non-Transport Calls: ~8.4 million

Average Cost per Response: $959 (unweighted mean) or $496 (volume-weighted median)

- Weighted median ($500):
  8.4 million non-transport responses × $500 (median cost) = **~$4.2 billion** in uncompensated service costs
- Unweighted mean cost ($959):
  8.4 million × $959 = **~$8.1 billion** in potential uncompensated care costs

Key Facts of Uncompensated Care
- Up to 27% of 911 responses result in no transport
- 20% of agencies don't always bill some payers

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Example Calculation

Cost Per Transport

Total cost (sum of Sections 7–11) = $2,000,000

Total transports (Section 5) = 3,500

$$\text{Cost per Transport} = \frac{2,000,000}{3,500} = \boxed{\$571.43}$$

Revenue Per Transport

Total Revenue (Section 12) = $800,000
or
Total Payer Revenue (Section 12) = $500,000

Total transports (Section 5) = 3,500

Calculate Margin Per Transport
Revenue per Transport – Cost per Transport = Net Gain/Loss

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Why Cost Per Transport Matters

Financial Transparency

Detailed records reveal your true transport costs. This knowledge supports strategic planning, budgeting, and funding decisions.

Performance Measurement

Compare your costs with billing and actual payments to identify reimbursement gaps.

Strategic Planning

Benchmark against neighboring agencies. Support participation in supplemental payment programs.

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Transport Types

Emergency Transports

Immediate response to life-threatening situations requiring rapid assessment, stabilization, and transport.

- Advanced Life Support (ALS1 & ALS2)
- Basic Life Support (BLS)
- Typically, higher cost

Non-Emergency Transports

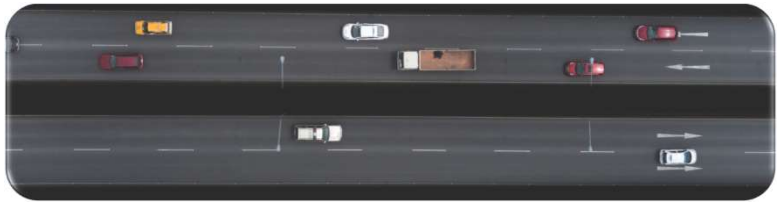
Scheduled or unscheduled transports for non-critical patients requiring medical monitoring.

- Interfacility transfers
- Hospital discharges
- More predictable resource allocation

Specialty Services

Specialized transport services requiring additional resources or training.

- Specialty Care Transport (SCT)
- Neonatal/Pediatric Transport



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Department Structure Impacts Cost Allocation

EMS-Only Departments

Expenditures are fully attributable to EMS services. *Note: Some costs may be deemed unallowable or non-reimbursable by CMS. Cost calculations are straightforward, with direct cost attribution and simplified reporting requirements.

Fire Based Services

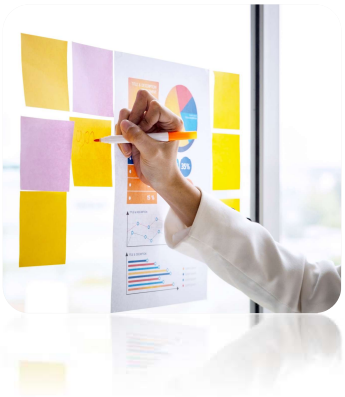
Operational and overhead costs span multiple service areas. Requires methodical allocation of expenses using CAD call data and allocation formulas.

Hospital Based Services

EMS operations integrated within healthcare facilities. Needs clear separation of ambulance costs from other hospital operations. These departments typically maintain cost allocation plans to accurately identify and allocate shared costs specific to EMS services.

Volunteer Based Services

Unique cost structure with different personnel expenses.



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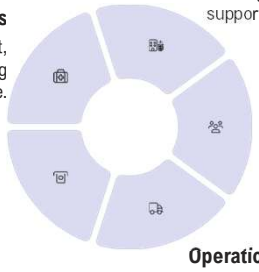
Comprehensive Expenditure Review

Facility Expenses
Building maintenance, utilities, and workspace costs supporting operations.

Direct Medical Costs
Medical supplies, medication, equipment, PPE, and personnel directly providing care.



Administrative Overhead
HR, accounting, and shared departmental services supporting EMS function.

Capital Expenditures
Major equipment purchases and vehicle acquisitions with multi-year useful life.

Operational Expenses
Fuel, vehicle maintenance, uniforms, and dispatch services.

A comprehensive expenditure review captures both fixed costs (facilities, equipment) and variable costs (supplies, fuel) that contribute to your overall transport expenses. Identifying these distinct categories helps with benchmarking and optimization efforts.

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Essential Financial Documents

Document Type	Primary Use in Cost Reporting	Limitations
Working Trial Balance	Tracks detailed financial transactions	✓
General Ledger	Provides a comprehensive record of all financial activity	✓
Depreciation Schedule	Tracks depreciable assets and calculates allowable depreciation expenses	✓
Audited Financial Statement	Serves as a verified and reliable summary of financials for external validation	Less operational detail; typically presented in aggregate
Income Statement	Offers a high-level view of revenues and expenses for the reporting period	Lacks line-item detail and may not align directly with cost categories

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Asset Depreciation Management

Identify Capital Assets

Know your department's capitalization threshold and track vehicles, buildings, and equipment accordingly. Document all EMS-related fixed assets including ambulances, medical equipment, and facilities. Consider the new $10,000 CMS capitalization threshold effective October 2024.

Record Essential Data

Document asset ID, description, acquisition date, and original cost. Include useful life and salvage value. Maintain detailed records of ambulance fleet age, mileage, and maintenance history to support replacement planning.

Calculate Year-to-Date Depreciation

Apply consistent methodology across all assets. Track annual depreciation to include in your total operating costs. Monitor equipment replacement cycles to avoid unexpected capital expenditures.

Monitor Asset Changes

Track assets sold or destroyed. Watch for year-to-year fluctuations that impact calculations. Document shared assets with other agencies and calculate appropriate allocation percentages.

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CAD Allocation For Shared Services

Collect CAD Data

Gather case numbers, timestamps, and call descriptions. Unit IDs help track specific resources deployed to each incident.

Calculate Time on Task

Measure from dispatch to clear time. This determines actual service allocation based on real utilization patterns.

Determine EMS Percentage

Divide EMS time by total time. Fire-based providers need accurate service splits to properly allocate shared expenses.

Apply to Shared Costs

Multiply shared expenses by EMS percentage to yield true EMS operating costs.

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Staffing Analysis and Documentation

Personnel Inventory

Create a comprehensive roster of all EMTs, paramedics, and administrative staff. Document certification levels, specialized training, and multiple role responsibilities.

Time Allocation Studies

Conduct "moment in time" studies to document how personnel divide their time between EMS functions and other duties. This is especially important for departments where staff hold multiple responsibilities.

Compensation Analysis

Document pay scales by position, including differences between volunteer stipends, part-time wages, and full-time salaries with benefits. Calculate the true cost of volunteer programs including training, equipment, and administration.

Response Documentation

Maintain detailed records of call responses, including unit assignments, response times, and service durations. These records support both cost allocation and operational analysis.

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Capturing Indirect Costs

10%

De Minimis Rate

Standard indirect cost option if no formal plan exists

Dispatch Services

Calculate EMS allocation in shared public safety systems

Administrative Services

Average HR, legal, and accounting allocation

Cost Allocation Plan (CAP)

A formal methodology that captures shared expenses between your agency and municipal departments

Indirect costs significantly impact your total expenditures but are often overlooked in basic analyses. Document utilities, HR services, legal support, and dispatch expenses that support EMS operations.

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Non-Transport Service Costs

While these services provide valuable community benefits, including their costs in transport calculations can artificially inflate your per-transport figures. Creating separate cost centers for non-transport activities and conducting time studies enables more accurate financial analysis and helps identify appropriate funding sources for these initiatives.

Community Education & Risk Reduction
Public programs may not qualify for traditional reimbursement. Track these costs separately. Explore federal or local grant funding.

Standby Services
Event coverage without transports often falls outside standard reimbursement models. Flat-rate fees can be assessed for your services/time at these events directly with the organizer or venue.

Preventative Initiatives
Community paramedicine, MIH, and prevention efforts often need alternative funding mechanisms. Explore federal or local grant funding.

Treatment in Place
Assessment and/or treatment is provided, and no ambulance transport occurs.
Comprehensive Alternative Response for Emergencies (CARE) Act is proposed for Medicare reimbursement for TIP.

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Billing & Revenue Data Collection

Sources: Billing vendor exports (ePCR/billing system)

Segment by payer: Medicare, Medicaid, Commercial, Self-Pay, etc.

Metrics to track: Charges, net collections, write-offs, denial rate, payer mix %.

Include any local or contractual reimbursement rates. Distinguish fee schedule vs actual receipts.

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Transport Volume Breakdown

- Use GADCS, CAD, or Billing Detail for total transport counts by HCPCS level: ALS1, ALS2, BLS, etc.
- Cross-check CAD logs with billing exports to exclude canceled/no transport calls.
- Track by year and by geography: primary service area, mutual aid zone, out-of-county response.
- Adjust denominator for average cost per transport to reflect true reimbursable transports.

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Bringing it all together…

Collect Comprehensive Cost Data

Gather expense information from your Working Trial Balance, fixed asset ledger, and shared expense allocations to determine total EMS operating costs.

Analyze Billing and Reimbursement

Review transport volumes, charges versus collections, and payer performance to understand your revenue cycle.

Calculate True Cost Per Transport

Divide total EMS expenses related to emergency transportation by actual emergency transport volume to determine your department's average cost per emergency transport.

Optimize Financial Tracking

Structure your general ledger to accurately reflect costs associated with emergency medical transportation

Example		
	Data Source	
1	Budget/Expenditures	$5,000,000
2	EMS/Medical Percentage	76%
3	Total EMS Costs	$3,800,000
4	Total EMS Transports	3,688
5	Cost Per Transport	$1,030

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Emergency Transport Service Levels

Advanced Life Support (ALS)

Involves more advanced medical care for serious or life-threatening conditions. It includes cardiac monitoring, IV therapy, medication administration, and advanced airway management, typically provided by paramedics.

Basic Life Support (BLS)

Refers to non-invasive medical care provided to patients with non-life-threatening conditions. It includes CPR, bleeding control, oxygen administration, and basic airway management.

Cost Calculation Differences

Service levels impact total transport costs and reimbursement rates.

- Personnel training and certification
- Equipment and medication inventory
- Protocols and medical direction
- Distinct billing/coding requirements

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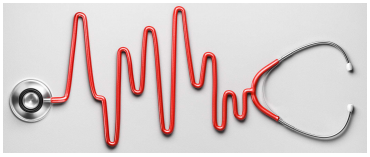
Cost Comparison: ALS-1 vs. BLS Transport

Understanding the Cost Drivers in EMS Emergency Transport

Category	ALS-1 Transport	BLS Transport
Crew Configuration	1 Paramedic + 1 EMT	2 EMTs
Hourly Wages	Paramedic: $30/hr EMT: $20/hr	EMTs: $20/hr
Total Personnel Time	1.5 hours	1.5 hours
Personnel Cost/Transport	$75	$60
Vehicle & Equipment Cost	$150	$120
Total Cost/Transport	**$225**	**$180**



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EMS Readiness – The Hidden Costs

The True Cost of EMS Readiness

- **24/7 Availability:** EMS must be staffed, equipped, and ready regardless of call volume.
- **Operational Costs:**
  - Salaries, training, insurance, medical supplies
  - Equipment maintenance, fuel, PPE
- **Uncompensated Standby:** EMS often sits idle but ready — costing thousands daily.
- **Political Aspects:** Often government doesn't want to bill citizens, States set low Medicaid rates, local government and volunteers are overburdened

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Billing Challenges in EMS

The Complex Landscape of EMS Billing

- **Fee-for-Transport Model:**
  - Revenue often tied only to transport, not care.
- **Advocate for your Department**
  - Cost report funding
  - Training class fees
  - Grants
- **Billing Company vs In-house**
  - Additional expense but additional revenue
- **Insurance & Medicare Constraints:**
  - Limited reimbursement for non-transport or on-scene care.
- **Denied Claims & Write-Offs:**
  - High rate of denials due to coding errors, policy gaps, high-deductible plans
- **Impact:** Financial and political strain on EMS agencies and local governments.

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Treat in Place: Saving Lives, Losing Revenue?

Treat in Place: Saving Lives, Losing Revenue?

- **Modern EMS = Mobile Healthcare Providers**
  - On-scene treatment prevents unnecessary ER visits.
  - Community Paramedicine, Mobile Crisis Support, Frequent Fliers, 988
- **Problem:** Traditional billing systems often don't compensate for no-transport care.
- **Result:** Agencies deliver high-value care, yet receive little/no reimbursement.
- **Needs:** Policy reform to match evolving EMS role.
  - Grants
  - MCO and hospital agreements
  - Leadership/Elected Official recognition
- **Legislation:** Federal legislation, NAEMT hill visit, state specific bills, property tax reform

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Policy & Funding Reform

The Path Forward: Sustainable EMS Funding

- **Recognize EMS as Essential Service**
  - Just like fire or police, EMS deserves stable funding.
- **Expand Reimbursement Models:**
  - Medicare ET3, community paramedicine billing, state funding.
- **Invest in Readiness, Not Just Response**
  - Pay for preparedness, not just patient contact.
- **Call to Action:** Advocate for systemic change at local, state, and federal levels.
- **Trauma System Funding:** Public health funding for trauma system

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Treatment in Place

- Treat-no-transport calls typically involve an EMS crew dispatched, treatment delivered onsite, but no transport to a hospital. These calls still incur staffing, vehicle readiness, and equipment costs, but typically for shorter durations. These incidents are reimbursed on a state-by-state basis under HCPCS code A0998.

Formula: Avg Cost per TNT = (Total Annual TNT-Related Costs) / (# of TNT Calls)

1. Categorize All EMS Expenditures:
   - Direct: Staff, supplies, fuel for EMS calls
   - Indirect: Admin, facilities, shared overhead
   - Shared: Dual-role staff, common equipment
2. Classify Costs by Function:
   - MTS, Non-MTS (Fire), Shared
3. Use CAD Data for Allocation:
   - Allocate shared costs based on % of TIP call time or count
   - Example: 20% of CAD time = 20% of shared costs to TIP
4. Calculate Total TIP Costs:
   - Direct TIP Costs (crew time, supplies)
   - Allocated Shared Costs (pro-rated from CAD)
5. Determine Average Cost per Call:
   - Average TIP Cost = Total TIP Costs / # of TIP Calls

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Non-Emergency Transports

- Non-emergency transports involve scheduled, medically necessary transportation for patients who cannot travel by other means, such as transfers between facilities or routine dialysis visits. These services are typically less urgent than 911 responses and are often staffed by EMTs using BLS units. Common HCPCS codes for non-emergency transports include A0426 (ALS1, non-emergency) and A0428 (BLS, non-emergency).

Formula: Avg Non-Emergency Transport Cost = Total Non-Emergency Costs / # of Non-Emergency Transports

1. Categorize All EMS Expenditures:
   - Direct: Staff, supplies, fuel for EMS transports
   - Indirect: Admin, facilities, shared overhead, billing
   - Shared: Dual-role staff, equipment, maintenance
2. Classify Costs by Function:
   - MTS, Non-MTS (Fire), Shared
3. Use CAD Data for Allocation:
   - Identify % of total call volume that are non-emergency transports
   - Use this % to allocate shared costs proportionally
4. Calculate Total Non-Emergency Costs:
   - Direct costs for non-emergency transports
   - Allocated Shared Costs (based on % of non-emergency calls)
5. Determine Average Cost per Call:
   - Avg Non-Emergency Transport Cost = Total Non-Emergency Costs / # of Non-Emergency Transports

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Feasibility Study - Operational Assessments - Deployment Models/SOC/SOP
Strategic/Master Planning - Cost Reporting – Staffing &Pay Scale Analysis
Cost of Service & Rate-setting

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