

Health Insurance Regulation Regarding Air Ambulance Services

Background

When patients need to be airlifted to medical care in an emergency, the first priority is getting them to the right healthcare provider as quickly as possible. Patients are at a disadvantage in this urgent situation because they cannot determine whether air transport is a medical necessity, nor are they equipped to direct which air ambulance provider should transport them. This can lead to surprise expenses when the air ambulance provider does not have a contract with the patient's health insurance plan. The patient may then be billed for the full charge of the flight or the balance left after any payment by the insurer for the out-of-network coverage.

Over the last 15 years, there has been a dramatic change within the air ambulance industry, with a rapid expansion of operators entering the market, particularly increasing the number of vehicles run by for-profit carriers. Those market changes have had far reaching effects on the costs patients must pay for services, and have resulted in patients receiving unexpected, exorbitant bills for tens of thousands of dollars for emergency transportation that the patient assumed would be covered by their health insurance.

Unexpected air ambulance bills are often the result of a common practice known as "balance billing" – when a provider charges patients for outstanding balances beyond what the insurance company has paid the provider. Consumers are generally protected from this practice if their insurance company has a contract with the air ambulance provider, but out-of-network providers are not bound by in-network rate agreements.

2017 Legislation

During the 2017 legislative session, legislation was enacted to eliminate the large and unexpected balance bills North Dakotans have been receiving from air ambulance providers even though these North Dakotans have health insurance. From 2013 through 2017, the North Dakota Insurance Department received 34 complaints totaling \$1.86 million in uncovered charges for air ambulance services. Based upon these complaints, each air ambulance ride has cost the consumer \$54,705 on average.

The 2017 legislation states that before a hospital refers a non-emergency patient to an air ambulance service provider licensed by the Department of Health or initiates contact with such an air ambulance service provider for air transport of the patient, the hospital shall inform the patient or the patient's representative of the air ambulance provider's health insurance network status for the purpose of allowing the patient or the patient's representative to make an informed decision on choosing an air ambulance service provider or alternative form of transportation. In other words, we are educating consumers as to which air ambulance company should be called in order to make sure the majority of the charges will be covered by their health insurance. The Department created a user-friendly chart to help inform patients of which air ambulance providers are in-network or out-of-network with the three insurance carriers in North Dakota. This portion of the law went into effect Aug. 1, 2017.

This law also regulates how health insurance companies pay certain out-of-network air ambulance claims to eliminate the large and unexpected balance bills. As of Jan. 1, 2018, patients are protected from balance bills in North Dakota. If an air ambulance is out-of-network with a patient's health insurance company, that insurance company is required to pay the out-of-network air ambulance provider the average of the in-network rates for air ambulance providers they are contracting with. Under the law, this payment is a full and final payment for air ambulance services and therefore the patient cannot receive a balance bill.

The final provision of this bill addresses subscription services sold by air ambulance companies. The law states an air ambulance provider may not sell, solicit, or negotiate a subscription agreement to cover air ambulance services. Most of the subscription services in the state have been marketed and sold by Valley Med Flight. The subscription services are problematic for several reasons. If your health insurance company is in-network with Valley Med Flight (Blue Cross Blue Shield of North Dakota and most Medica plans currently are, Sanford Health Plan is not), then the consumer already has existing coverage for air ambulance flights and the subscription plan is duplicative and unnecessary. This portion of the law was also effective Aug. 1, 2017.

If a consumer has Medicare, under federal law an air ambulance must accept the Medicare payment as full and final payment. Therefore, Medicare patients cannot be balanced billed beyond deductibles and coinsurance requirements. So if a consumer has Medicare, paying for a subscription plan is again unnecessary and duplicative coverage.

In summary, this law protects the North Dakota consumer by giving them security when they are likely at their most vulnerable. Utilizing an air ambulance is not at all like booking a flight on a commercial airline mainly because the consumer is likely in an emergency situation and has little or no control of the situation when the air ambulance is needed. This law protects North Dakota consumers when they are most vulnerable, often at no fault of their own.

What should I do if I receive a bill for air ambulance services?

Under this law that went into effect Jan. 1, 2018, consumers should not receive bills from air ambulance providers operating in North Dakota. If a consumer does receive a bill, it is critical that they contact the Department before paying or negotiating the bill with the air ambulance provider. The Department's primary role is consumer protection and we have the experts to advocate on the consumer's behalf.

When patients need to be airlifted to medical care in an emergency, the first priority is getting them to the right healthcare provider as quickly as possible. However, patients who survive a medical emergency should not also be faced with the undue burden of over-the-top air ambulance bills. It is imperative that if a consumer is in this situation, they know there are options available for help. Prior to taking any action on any air ambulance payments, consumers should reach out to the Department.