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Agency of Human Services

**MEMORANDUM**

**To:** Representative Lippert, Chair, House Committee on Health Care

**From:** Steven M. Costantino, Commissioner, Department of Vermont Health Access

**Cc:** Hal Cohen, Secretary, Agency of Human Services

**Date:** January 14, 2016

**Re:** Request for Information following Testimony from Department of Vermont Health Access on Medicaid Ambulance Reimbursement

This memorandum is in response to the request for information during the January 8, 2016 meeting of the House Committee on Health Care regarding the Medicaid reimbursement for ambulance and emergency transportation from the Department of Vermont Health Access (DVHA).

**Request:** The Committee requested a fiscal analysis to estimate what it would cost the State to increase Medicaid reimbursement for ambulance and emergency services from current rates.

In response to this request DVHA prepared the following table depicting incremental increases in Medicaid rates for ambulance and emergency services.

Reimbursement for other categories of service within Vermont Medicaid varies as a percent of Medicare. For context and comparison, physician service rates pay approximately 80% of Medicare and outpatient rates pay approximately 90% of Medicare.

**Table 1. Estimate of Medicaid Spend for Ambulance and Emergency Services, by Percentage of Aggregate Medicare Rates**

	Medicaid at Current Rates FY'15 <sup>1</sup>	Medicaid Rates at 50% of Medicare FY'15 <sup>1</sup>	Medicaid Rates at 60% of Medicare FY'15 <sup>1</sup>	Medicaid Rates at 70% of Medicare FY'15 <sup>1</sup>	Medicaid Rates at 80% of Medicare FY'15 <sup>1</sup>	Medicaid Rates at 90% of Medicare FY'15 <sup>1</sup>
Gross Medicaid Spend	\$2,746,568.24	\$3,111,756.64	\$3,734,107.97	\$4,356,459.30	\$4,978,810.62	\$5,601,161.95
State Share <sup>2</sup>	\$1,235,131.74	\$1,399,356.96	\$1,679,228.35	\$1,959,099.75	\$2,238,971.14	\$2,518,842.53
Federal Share	\$1,511,436.50	\$1,712,399.68	\$2,054,879.61	\$2,397,359.55	\$2,739,839.49	\$3,082,319.42
Required Increase to State Share	N/A	\$164,225.22	\$444,096.62	\$723,968.01	\$1,003,839.40	\$1,283,710.79

<sup>1</sup>Excludes Spend for Medicare Crossover Payments: Additional \$1.4M to gross Medicaid spend, not affected by rate increase.

<sup>2</sup>State fund match is calculated at the traditional Medicaid rate. To the extent childless new adults utilize the benefit the state portion would be less. In SFY '15, the average cost impact to the state was 35.05% (vs. 44.97%) if the state were to utilize actual percentages.