June 24, 2021

Dear Warr Acres Residents,

City Hall, the Fire Department, the Mayor and Councilmen have received many calls regarding the ambulance service and the fee the residents pay monthly on their utility bill. They also have asked what the city pays and what the residents are responsible for. Here is the legal explanation from your Warr Aces City Attorney.

We are truly sorry this has become such an issue and we hope that this letter can answer the questions so many of you have. Any further questions please call or email Matt Smith with Pafford EMS at (870)-777-7448 or msmith@paffordems.com.

Under our current contract, there is nothing that prohibits billing patients under the contract. The contract guarantees that we will have dedicated buses in or near the City limits and prohibits billing the normal high rates that would be billed if we didn't have a contract. What the citizens are paying us for, and we in turn are turning around to pay the provider, is 1) having ambulance in the City so there is no time lag in getting an ambulance when a person is in medical emergency, and 2) not getting hit with huge bills that they would get hit with if we didn't have the contract.

For Medicare beneficiaries, the Centers for Medicare and Medicaid Services (CMS) has regulations related to ambulance services. For those with Medicare Parts A & B, the CMS regs provide that the beneficiary is responsible and must pay their out-of-pocket deductible (which it looks like is a little over $200 per year) and 20% of the Medicare rate for the service. So, the ambulance service can only bill the Medicare rate, Medicare will pay 80% if the beneficiary has met their deductible and the beneficiary would owe 20%. If the beneficiary hasn't met their deductible, then the beneficiary owes 20% of the Medicare rate plus whatever they have left on their deductible which erodes Medicare's 80% and Medicare will pay what's left.

Another thing that Medicare appears to have been hammering recently are their regulation that provides that Medicare will only pay, under Part B, for ambulance transports that are medically necessary and reasonable. Steven made reference to this at the meeting. If the ambulance service bills Medicare, and Medicare determines that the transport was not medically necessary, then Medicare won't end up paying anything. Under those circumstances, the beneficiary would be responsible for the cost of the transport and would get a bill.

For Medicare beneficiaries with a Part C Medicare Advantage Plan (which is a private carrier that takes the place of Parts A & B), the plan would control. As I understand Part C plans, they provide at least as much as Medicare (so in this case 80%/20% plus the deductible) but often offer either better coverage (perhaps a lower deductible or a lower co-pay %) or, more often, coverage for services that Parts A & B wouldn't cover.

Lastly, our City Code has long provided that the EMS provider can bill for deductibles and co-pays but cannot balance bill.

Bottom line, under the City Code, the City's Contract, and Medicare regulations, it is legal for the provider to bill. They haven't been billing, apparently, in years past, and so I fully understand why our residents would be upset if they had transports in the past without getting billed and are now getting a bill for service. They pay a fee to the city and feel like that should mean they don't get a bill. But the fee buys them an ambulance that is close by at all times and can rapidly respond to their call (whereas, if there was no fee, they could be waiting for hours) and to ensure that they cannot get some massive, 4 or even 5 figure bills when they go to the hospital.

Again, we are truly sorry this has become such an issue. Any further questions please call or email Matt Smith with Pafford EMS at (870)-777-7448 or msmith@paffordems.com.

Respectfully,

Jim Mickley
Mayor