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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 03/08/01 HB 614/aHAFC
 SHORT TITLE: Amend Emergency Medical Services Fund Act SB _____
 ANALYST: Esquibel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
N/A					

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB302

Relates to Appropriation in The General Appropriation Act of \$3 million in the base for emergency medical services, and a SFC amendment to HB2 for \$600.0 contingent on enactment of SB302 or similar legislation (HB614 duplicates SB302).

SOURCES OF INFORMATION

Department of Health (DOH)
 NM Health Policy Commission (HPC)

No Response

Taxation and Revenue Department (TRD)
 Association of Counties

SUMMARY

Synopsis of HAFC Amendments

The House Appropriations and Finance Committee amendments to House Bill 614 eliminate the appropriation of \$6.4 million in general fund.

Synopsis of Original Bill

House Bill 614 amends the Emergency Medical Services Fund Act and expands the scope of emergency medical services (EMS) funded by DOH with an increase in the appropriation from \$2.9 million annually to \$6.4 million dollars for FY02 and subsequent fiscal years. The provides for the following:

- c Add emergency medical dispatch agencies as eligible entities to fund allowable costs as defined by rule.

- c Authorize a portion of the 3% of the fund used for administration, technical assistance and monitoring to be used by the 3 EMS regional offices and the state level injury prevention and EMS (IPEMS) bureau at DOH.
- c Remove existing language that allowed accumulation of monies for up to 3 years for the purposes of purchasing capital equipment and vehicles and add language that allows the IPEMS bureau to waive/approve a request for accumulation for “good cause shown”.
- c Change the maximum level of funding for a single recipient from \$20.0 annually to no more than 1% of the amount appropriated to the local EMS funding program.

Significant Issues

DOH indicates at current funding levels, the EMS Fund Act is capable of funding approximately 47% of the requests submitted to the local funding program (75% of the EMS Fund). In order to provide adequate resource to the existing 316 EMS services statewide, the Statewide EMS Advisory Committee determined that a \$6.4 million appropriation would be necessary to meet current EMS system demands.

PERFORMANCE IMPLICATIONS

Ensuring the adequacy of the statewide EMS and trauma system is a DOH commitment included in its strategic plan under Program Area 2—Health Systems Improvement and Public Health Support Systems. Goal A is to “Ensure access to and quality of basic health systems such as primary care and rural health, and emergency medical services.” Objective 2 is to “Provide timely and comprehensive emergency medical services” with a commitment to ensure that 90% of individuals are served by a comprehensive EMS response within 10 minutes. The EMS Fund Act is a critical program to ensure the maintenance of this objective.

FISCAL IMPLICATIONS

The original appropriation of \$6,400.0 contained in the bill prior to amendment by HAFC was a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 *would not have reverted* to the general fund.

HB2 et al currently contains approximately \$3 million in the base for carrying out the provisions of the EMS Act, and the Senate Finance Committee added an amendment for \$600.0 in general fund to carry out the provisions of this bill and the duplicate SB302. However, HB2's appropriation of \$600.0 is contingent upon SB302 or similar legislation being enacted.

ADMINISTRATIVE IMPLICATIONS

DOH indicates existing DOH Regulation 7 NMAC 27.5, EMS Fund Act, would need to be amended to comply with the revised EMS Act.

OTHER SUBSTANTIVE ISSUES

- c The EMS Fund Act helps ensure statewide vital safety-net pre-hospital response, treatment and transport on an immediate response basis. These funds also provide for EMS special projects, statewide EMS system improvement projects, vehicle purchase projects, and local system improvement projects.

- C Currently, the EMS Fund Act is capable of providing approximately 25% of requested amounts from EMS services statewide. The last increase in the EMS Fund was in 1995, raising it from an earmarked “dollar for life” program that generated about \$1.8 million annually, to the current de-earmarked general fund appropriation of about \$2.9 million annually.
- C Operational costs of delivering EMS have continued to rise since 1995 and rural/volunteer EMS services, as well as ambulance services, struggle to pay for operational costs. An increase in available funds to support statewide EMS system enhancement would improve our ability to reduce the rate of injury deaths (second highest in the nation) and the rate and costs of disabling conditions resulting from non-fatal injuries in the state.

DOH indicates the EMS Fund Act provides critical annual funding for vehicles, equipment, training, and operational expenses to about 316 EMS services (ambulances and medical-rescue squads). These services provide safety-net, pre-hospital, emergency and non-emergency care, to the people of New Mexico, 24 hours per day, 7 days per week on an immediate call basis. EMS services use the annual EMS Fund Act distributions, which currently range from \$1,500 (entry) to a maximum of \$20,000 (advanced level, high response service), to pay for operational expenses including fuel, maintenance, medical/other supplies and equipment, medical direction, continuing education, and training for personnel.

The EMS First Response Services (about 200 statewide), which are typically rural, volunteer, fire-department based services, are not allowed to charge for reimbursement and depend on their annual EMS Fund Act distribution almost exclusively to pay for the cost of equipment, operations and training. Ground ambulance services are allowed to charge for services, but these reimbursement rates are heavily regulated by federal government (Medicare and Medicaid) and state government (Public Regulation Commission). The development of managed care has negatively impacted private and public ambulance services. Every reimbursement is scrutinized and denials of claims tend to be about 20-30 % of those submitted. Recently, the Federal Health Care Financing Authority developed a new ambulance fee schedule that is expected to further cut rates of reimbursement. These services also depend on the EMS Fund Act to supplement their reimbursements to pay for their operational costs and training.

One of the changes in HB614 would allow the roughly 50 Emergency Medical Dispatch Agencies (911 operations which provide limited medical advice) to apply for limited support through the special funding projects program (22% of the EMS Fund). The distribution process would be determined by regulation and funds would cover limited items such as physician medical direction and training. DOH began regulating emergency medical dispatchers in 1995; however, they have not been eligible to receive any funding assistance through the EMS Fund Act. The Department of Finance and Administration provide some training funds, but these are limited only to course fees. This amendment will allow emergency medical dispatch agencies to become more integrated with the overall pre-hospital delivery system, which ultimately will help to reduce injury and improve treatment given from the initial call for assistance.

HB614 would also amend the EMS Fund Act to allow services to request a distribution of “No more than one percent of the amount appropriated...” which is a change from the existing \$20.0

cap for funding. This would allow the larger EMS services that respond to the majority of calls statewide to receive a more appropriate share of the fund, as determined by DOH rules.

POSSIBLE QUESTIONS

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1. Based on what rationale has the federal Health Care Financing Administration determined EMS costs and reimbursements should be reduced?

RAE/ar