

# CON AIR?

**AIR AMBULANCE  
SERVICES FACING  
INCREASED SCRUTINY FOR  
CHARGING SKY-HIGH BILLS,  
MONOPOLIZING MARKETS AND  
AVOIDING TRANSPARENCY**

— Written By Bruce Shutan

In a medical emergency, or at least a situation that is perceived to be dire and may involve a call to 911, racking up a huge bill may be unavoidable. Such is the case for emergency transport services, especially when an aircraft is in the mix.

“Some air ambulance rates make pharmaceuticals actually look affordable, quips Mike Castleberry, Chief Revenue Officer of Consociate Health. It boggles the mind that an operator could charge as much as \$50,000 to fly from Nashville to Memphis, TN, a mere four-hour drive when he says someone could rent a plane and fly around the world for less than that amount.

“The industry would tell you that’s the price because they have to take into account the cost of sitting on a runway somewhere for pilots to fuel up, and there may be a nurse on the flight,” he says. “And then when they do have a need, they recoup their cost for that because they had to be ready 24/7 for that whole process. That business model just doesn’t make sense.”



Mike Castleberry

### REGS IN PROGRESS

Under the Consolidated Appropriations Act of 2021, known simply as the CAA, employer-provided health plans are required over the next two years to report information about their use of air ambulance services to the government as part of the No Surprises Act (NSA). Health insurance carriers and air ambulance providers also must comply with this reporting requirement, which has not yet been finalized and is designed to help cap the cost of these services. If employers or health insurers fail to report this information, air ambulance operators could face up to a \$10,000 penalty for violations.

There are eight elements to the air ambulance reporting requirements that have been released thus far, one of which is the reimbursement rate, explains Lauren Wells, a Practice Leader for Healthcare Reporting, which will be helping self-insured employers comply with air ambulance reporting once the regs have been finalized. She says service operators can deny claims if someone were injured in, say, a hazardous activity such as rock climbing, which would result in a surprise bill.



Lauren Wells

There are two types of ambulance providers: public and privately owned and operated, with the latter obviously costing far more than the former. Some city or county government services could be a division of the local fire department whose fees are at least manageable, though the vast majority of those services are private, including hospital-owned vehicles.

Two main charges for “rotary-wing” helicopters or “fixed-wing” airplanes include a base rate, which is part of an operational cost that covers the pilot, nurse practitioner or paramedic who’s on board, as well as a mileage rate. While observers say the maximum charge on a ground ambulance ride might be about \$3,000 (see sidebar), it can be as high as \$120,000 for an air ambulance.

Air ambulance transports are done at the scene of a medical emergency, such as an individual’s home or public park, or involve an inter-facility transfer. All insurers or payers have their own policy for the criteria for inter-facility transfers.

Nearly half of Americans have been transported by an ambulance, a survey conducted in May 2024 revealed, while one health system tracker found that more than half of the estimated three million annual trips that privately insured Americans take to the ER by ground ambulances are considered out of network (OON).

Most air ambulance rides do not constitute an emergency, observers say. Seeing a helicopter landing on the side of the road after a horrible accident to pick up someone who’s badly injured involves a small percentage of those trips. As many as 85% of all ambulance transports have already been scheduled, according to Castleberry.

# Nobody delivers like we do.

ClaimDOC's reference based pricing program is unlike any other. Experience savings and a caring team who is always there to go above and beyond for members.



"I can't tell you enough how pleased we are with getting all of our physicians on board."



"I've never had such a good customer service experience in my lifetime!"

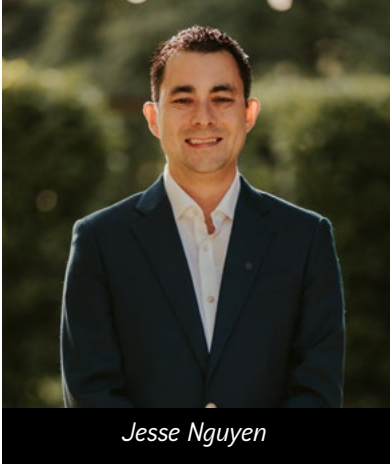


"Fatima was knowledgeable, quickly calmed me down, and put my fears to rest."



With ClaimDOC you're in the driver's seat to create a rich and sustainable healthcare plan using RBP principles. Our approach to elevate the member experience, while diligently managing risk is what sets us apart.

Learn more at [Claim-doc.com](https://claim-doc.com) or call (888) 330-7295



Jesse Nguyen

**JACKING UP THE PRICE**

Almost all air ambulances are OON – with nearly 60% of them owned by private equity firms, notes Jesse Nguyen, Associate Medical Director of WellRhythms. “Their job is to make money, and so they jack up the prices,” he says. “If you look at air ambulance prices over the past 15 to 20 years, the average charges are exponentially greater than other aspects of medicine.”

Another explanation, he says, is a lack of oversight. Until the passage of the NSA, these services have fallen under the Airline Deregulation Act of 1978, which allows market forces to drive down prices. However, the application of that law to this industry has sparked recent legal challenges. With insurance carriers routinely limiting payments on air ambulance charges, health plan members are receiving huge balance bills.

As many as 98% of air ambulance claims trigger an independent dispute resolution (IDR) process to determine a fair price for

these services, Nguyen notes. This guardrail, however, appears to be woefully inadequate. He says IDR favors the provider more than 80% of the time and requires the payer to shell out usually 90% to 95% of billed charges.

While air ambulance operators may argue that they deserve, say, \$90,000 for a certain ride, Nguyen notes that the average operational cost is anywhere between \$10,000 and \$15,000, according to a NASA study and multiple industry executives.

There’s a massive discrepancy between air ambulance billing rates for commercial insurance and Medicare that often leads to balance bills for patients, explains Kevin Gibson, CEO of ClaimsBridge, which offers balance-billing support and uses reference-based pricing (RBP) to help manage the cost of air ambulance services for self-insured employer clients.

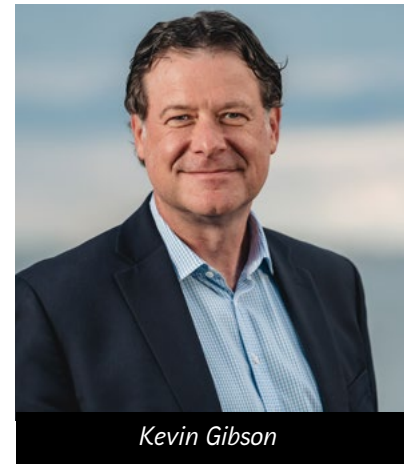
“We’ve found that the qualifying payment amount under IDR is falling in between the allowed amount that we’re calculating with RBP to the billing amount from the air ambulance company, but closer toward us,” Gibson reports.

The chief culprit behind egregious air ambulance billing is OON services. A classic example of this involves a ski accident that requires an injured individual to be airlifted off the slopes or rescuing a hiker who fell down a mountainside that’s inaccessible to a ground ambulance.

“You even hear about scenarios where people go for an operation with their in-network doctor, but an out-of-network anesthesiologist shows up to the operating room that you have no control over,” he observes. “You only find out when you get the bill. We’re very aggressive about making our out-of-network fees as low as possible. A lot of the time, out-of-network calculations are automated solutions that cost an excessive amount of money.”

**REPRICING EGREGIOUS CLAIMS**

Castleberry recalls a self-funded claim in rural Georgia where a health plan member was hospitalized for 25 days following a horrific all-terrain vehicle accident that left him paralyzed with major neck and back issues. His attending physician suggested he be sent to a



Kevin Gibson

facility in Jacksonville, Fla., for intensive physical therapy to help him regain strength and mobility. A few days later, a 45-minute flight was billed at more than \$100,000 when a four-and-a-half-hour van ride easily would have sufficed since there was no need for an IV or other equipment.

“He could have chartered a private plane for \$3,000 or \$4,000, but it was just so egregious, and the family agreed to take on liability for anything our insurance doesn’t cover,” he says. “Well, we can’t cover things that aren’t medically necessary.”

Consociate Health will pay air ambulance companies a 10% or 15% profit once all their expenses are paid, which Castleberry says is a fair rate that would please most businesses. The due diligence of his service can result in significant savings. For example, a recent \$133,000 charge to a client that was repriced at just \$6,100 represented a massive swing of \$127,000.

His firm works with a company staffed by former pilots, most of whom were in the military, which use their own mathematical formula or methodology to reprice air ambulance claims so that they’re fair and reasonable for all parties. Physicians also review those claims

for medical necessity and whether the care provided was appropriate.

Whatever is being charged, a wide price variation seems unavoidable. The average base cost per member of a one-way air ambulance ride across Healthcare Reporting’s entire book of business, which includes 7,500 self-insured employer groups, was \$29,000. That estimate does not include supplies, oxygen, anesthesia or other services, which inflate the tab to \$49,000 on average, while some specialty claims such as ectopic pregnancy, cardiac episodes or lumbar spine fractures reached as high as \$85,000.



## Steadfast protection for the unpredictable

### Stop Loss coverage that weathers any storm

Our Stop Loss Insurance mitigates the impact of devastating medical claims through flexible contracts, customizable plans and a consultative, client-focused approach. Our experience and service in the Stop Loss market has provided a guiding hand for nearly half a century - while maintaining a pulse on new trends. We work with self-funded groups down to 100\* lives and individual deductibles down to \$25,000. Our Stop Loss Edge program offers an innovative way to take advantage of self-funded health plan coverage for employers with 100\*-500 employees. Whether you’re carving out Stop Loss for the first time or an experienced client looking for cost containment solutions, we can help. We’ll be by your side every step of the way.

Visit [voya.com/workplace-solutions/stop-loss-insurance](https://voya.com/workplace-solutions/stop-loss-insurance) for more information



\* 150 enrolled employee minimum for policies issued in CA, CO, CT, NY, or VT.

Stop Loss Insurance is underwritten by ReliaStar Life Insurance Company (Minneapolis, MN) and ReliaStar Life Insurance Company of New York (Woodbury, NY). Within the State of New York, only ReliaStar Life Insurance Company of New York is admitted, and its products issued. Both are members of the Voya® family of companies. Voya Employee Benefits is a division of both companies. Stop Loss Policy #RL-SL-POL-2013; in New York Policy #RL-SL-POL-2013-NY. Product availability and specific provisions may vary by state.

©2024 Voya Services Company. All rights reserved. CN3558760\_0526  
216993 216993\_053124

PLAN | INVEST | PROTECT



# Taking the helm to simplify healthcare.

With a distinctly different and one-of-a-kind platform of fully integrated solutions, Vālenz® Health is charting the course to simplify healthcare. Partner with us to see how our mindset and tools combine to ensure high-value care for you and your members - optimizing the cost, quality and utilization of healthcare for everyone.

Choose Valenz Health for smarter, better, faster healthcare. And, smoother sailing ahead.



Proud to be a Diamond Member

Let's talk about simplifying healthcare together:  
[valenzhealth.com](http://valenzhealth.com) or (866) 762-4455



## ASSESSING MEDICAL NECESSITY

An interesting question that Gibson poses is the medical necessity for flying someone over numerous cities where there are other hospitals that potentially have the ability to treat a sick or injured person, which would inflate the air ambulance expense.

“In an emergency situation, who’s to say whether there’s an availability of appropriate surgeons in all of those cities in between,” he says. “But in a situation where you’re out-of-network, you’re not going to necessarily get the same level of diligence as if you’re in-network in terms of trying to resolve that situation.”

In many states, a major hospital system in the biggest city will have 13 or 14 feeder facilities in a regional area where patients are admitted. If it’s determined that a patient would benefit from being moved to the main facility, which may be just a few hours away through ground transport, Castleberry says there could be pressure to use a hospital-owned helicopter to not only keep care within the system but also generate more revenue.

“Next thing I see is a bill for a \$35,000 helicopter ride when I could have driven two hours for a couple thousand dollars!” he exclaims. “We see a lot of that, and those are the most egregious. They never talk about price or explain to the member or family what they’re really getting. When we get these cases, the vast majority of times, the reviewers say that it wasn’t even necessary.”

There’s also a human element to consider. “Even though a healthcare professional might not consider some hospital admissions an emergency, it’s only natural that someone who faces a medical emergency may feel distressed, considering it the worst day of their life,” Wells says.

# Amalgamated Life Insurance Company Medical Stop Loss Insurance— The Essential, Excess Insurance



**As a direct writer of Stop Loss Insurance, we have the Expertise, Resources and Contract Flexibility to meet your Organization’s Stop Loss needs. Amalgamated Life offers:**

- Specialty Rx Savings Programs and Discounts
- “A” (Excellent) Rating from A.M. Best Company for 48 Consecutive Years
- Licensed in all 50 States and the District of Columbia
- Flexible Contract Terms
- Excellent Claims Management Performance
- Specific and Aggregate Stop Loss Options
- Participating, Rate Cap and NNL Contract Terms Available

### VOLUNTARY SOLUTIONS—KEEPING PACE WITH TODAY’S NEEDS

- Accident
- AD&D
- Critical Illness
- Dental
- Disability
- Hearing
- ID Theft
- Legal
- Portable Term Life
- Whole Life Insurance



Amalgamated Life Insurance Company  
333 Westchester Avenue, White Plains, NY 10604  
914.367.5000 • 866.975.4089  
www.amalgamatedbenefits.com

For product information, contact:  
[marketing@amalgamatedbenefits.com](mailto:marketing@amalgamatedbenefits.com)



Policy Form ALSLP-2020\*  
\*Features & form numbers may vary by state.

Amalgamated Family of Companies Amalgamated Life • Amalgamated Employee Benefits Administrators • Amalgamated Medical Care Management • Amalgamated Agency • AliGraphics

Privately Held.  
Universally Trusted.  
Geographically  
Comprehensive.



**ManhattanLife**<sup>™</sup>

*Standing By You. Since 1850.*

Licensed in all 50 states and  
U.S. territories.

Learn more about  
our geographic reach.





Several trade organizations and medical societies have published a set of criteria on what constitutes trauma for the purpose of justifying air transport, Nguyen notes, while hospitals also have their own criteria for inter-facility transfers. One such criterion is whether the patient is hemodynamically unstable. Whenever these operators bill for their services, they're supposed to submit a medical necessity form. The problem, he laments, is that none of these forms are based on the criteria that were put forth by these organizations.

Another issue, Nguyen says, is that transports of 30 to 40 miles are actually faster by ground transport for a number of reasons. For example, there's a good 15-minute warm-up period for a helicopter, which also has to factor in time for loading supplies along with the patient.

### REMEDIES TO PONDER

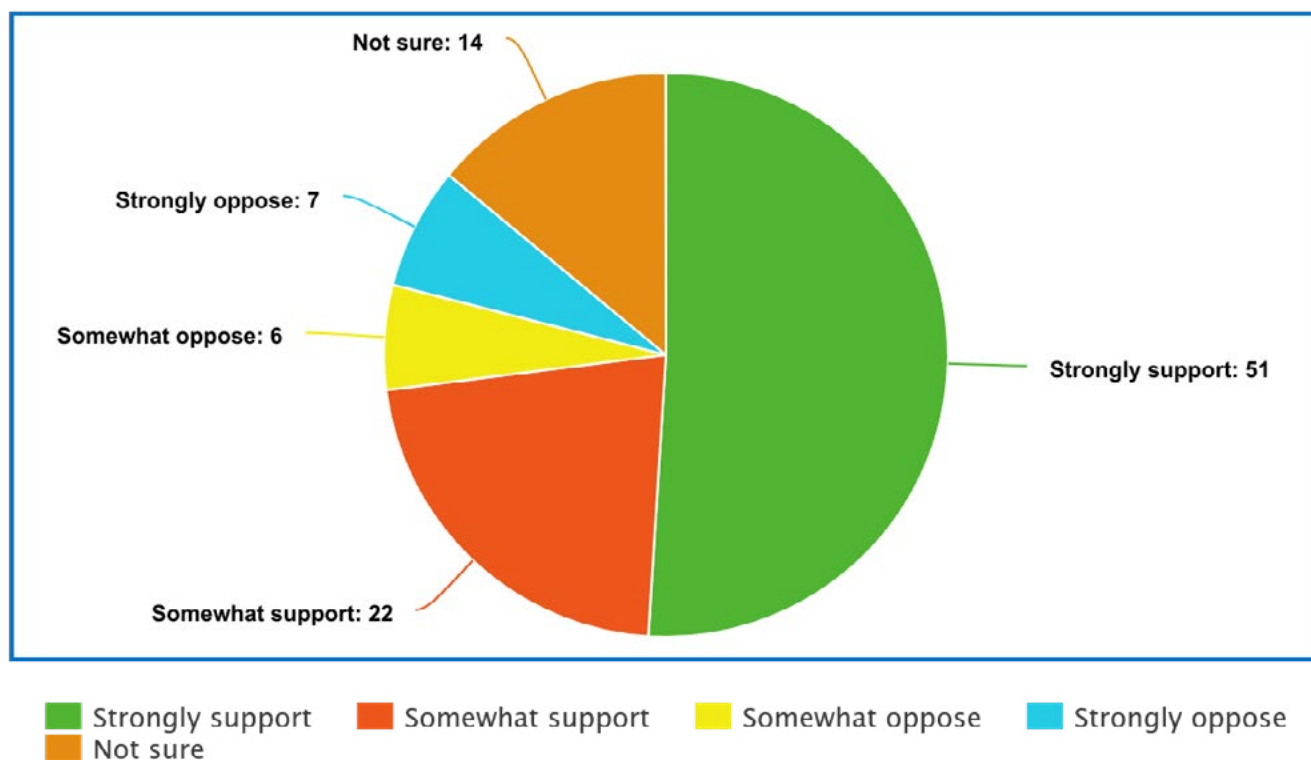
In the absence of government oversight, Wells cautions that there has been a wide variation in air ambulance rates – with operators being able to charge whatever they want without fear of repercussions unless plan sponsors challenge their bills.

"I think we're going to see the cost of an ambulance and utilization continue to rise, especially as inflation rises," she predicts. In addition,

she believes a significant increase in mental health disorders since the pandemic will spark an uptick in emergency transportation uses for non-emergent situations.

Wells believes the best remedy will be educating health plan members at open enrollment about the number of urgent care centers and hospitals within their vicinity, as well as what constitutes an emergency vs. non-emergency. It could even be something as simplistic as a flyer that is presented to a group of employees with the addresses and phone numbers of those facilities.

Would you support or oppose a law capping the out-of-pocket cost of ambulance rides at \$100?  
YouGov May 2024 survey



meta-chart.com

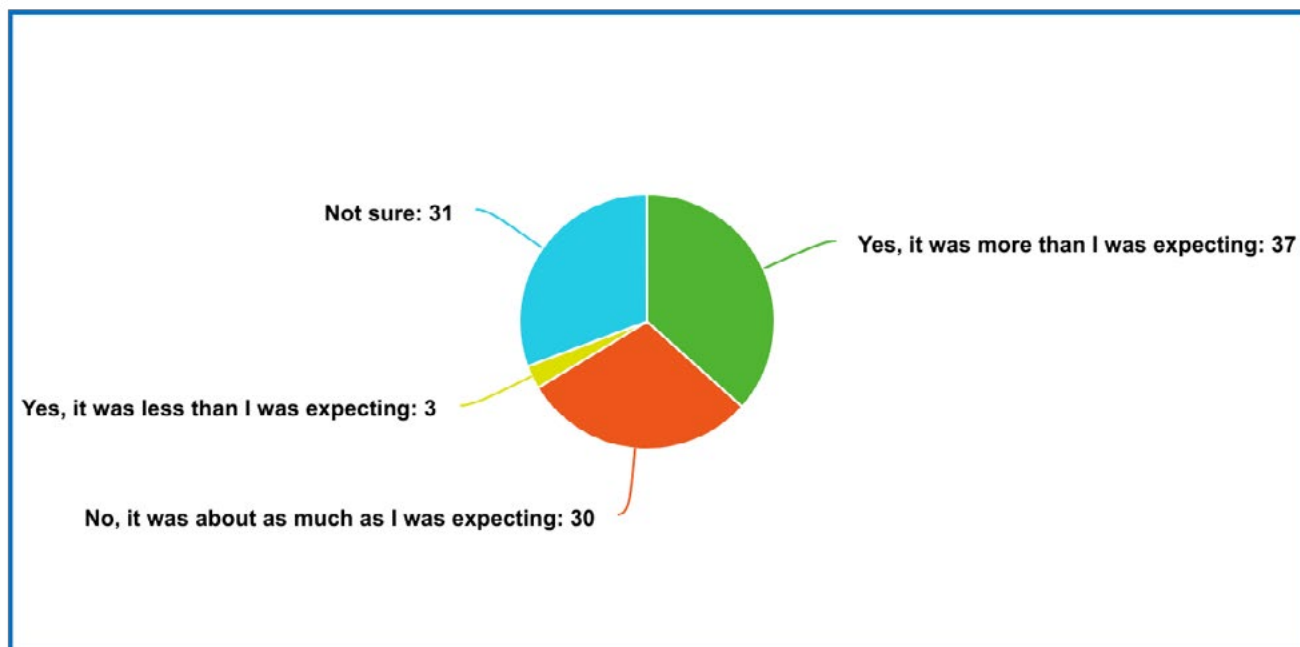
## CRACKING DOWN ON GROUND AMBULANCE COSTS

Late last year, a federal committee proposed closing a loophole in the No Surprises Act (NSA) to help rein in the cost of ground ambulance services by capping the cost of those rides to a \$100 cap. Meanwhile, 14 states have already passed laws protecting consumers from surprise bills in the event that they require a ground ambulance.

“I think capping ground ambulances at a dollar amount across the board is very challenging because the cost of care is different all over the country,” explains Mike Castleberry, Chief Revenue Officer of Consociate Health. “Just look at gas prices as one factor in providing ground ambulances, which swing from \$3.50 to \$7.50.”

He notes that the powerful ground-ambulance lobby was able to carve out its industry from the NSA, hastening to add that it does require air ambulance services “to fully explain to the member what it means to them when they’re taking that flight.” – *Bruce Shutan*

Were you surprised by how much you owed for the ambulance ride?  
 YouGov May 2024 survey



- Yes, it was more than I was expecting
- No, it was about as much as I was expecting
- Yes, it was less than I was expecting
- Not sure

meta-chart.com

We're here to fight the high  
cost of healthcare



# cgs health group

we've got you covered

medical stop loss

self-funded administration

business intelligence

**Litchfield**  
Bespoke Underwriting 

**cgs health**  
Superior Group Health Plans

 **Hercules Health**  
Empowering Consumerism

[litchfieldunderwriters.com](http://litchfieldunderwriters.com)

[cgshealth.com](http://cgshealth.com)

[herculeshealth.com](http://herculeshealth.com)

She suggests that employers promote the use of data whenever possible, as well as pay close attention to demographics, health risks, and the services available within their communities to tailor employee education. One such strategy involves providing virtual care resources to help determine if a situation could be emergent or non-emergent. "Having someone like a telehealth provider available 24/7 is so beneficial because emergencies don't always happen between 9-5," she says. "They occur when you least expect it." Another involves encouraging primary care utilization to help prevent emergent situations in the first place.

It's important for self-insured employers to address the add-on and access to their health plans that are set up for the air ambulance function, Gibson says. The objective is to execute OON network solutions in a way that clearly documents expenses so that appropriate RBP payments are calculated and can be defended.

"There's a lot of pushback against RBP because of the friction and stress that it may cause the employee," he observes. "But at the end of the day, if the entity is being compensated fairly, then it usually stands up in a court of law for any kind of legal challenge."

Given the declining health of many Americans, it's reasonable to expect that ground and air ambulance rides will increase in the years ahead. Adds Castleberry: "The three and a half trillion dollars we spend on healthcare is too rich for people not to want to get into this business. There's always going to be someone trying to figure out a way to get a piece of that pie." ■

*Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 35 years.*

# Meritain Health®

an  aetna® company

## Simple. Transparent. Versatile.

At Meritain Health®, our goal is simple—take a creative approach to health care and empower you with industry-leading connections. Whether you're building an employee benefits program, researching your member benefits or offering support to your patients, we're ready to help take your health plan further.

**Learn more at [www.meritain.com](http://www.meritain.com).**

**Follow us:** 

Meritain Health is an independent subsidiary of Aetna and CVS, and one of the nation's largest employee benefits administrators.¹ We are uniquely positioned to enable our customers to combine our flexible plan administration, products and external point solutions with the right resources from parent companies Aetna and CVS.

1. Business Insurance; Largest Employee Benefit TPAs (as ranked by 2019 benefits claims revenue); May 2020.

