Written Testimony
Submitted by
Debora M. Gault, National Vice President of Federal Reimbursements & Regulatory Affairs
American Medical Response

Committee on Veterans Affairs
Subcommittee on Health
U.S. House of Representatives

Oversight Field Hearing on the Provision of Care to Veteran Patients through the VAHCS in Pineville, Louisiana
June 20, 2016

Mr. Chairman and distinguished members of the Subcommittee:

American Medical Response (AMR) is honored to have this opportunity to submit a written statement to the House Committee on Veterans Affairs' Subcommittee on Health for the hearing on June 20, 2016. AMR is the nation's largest single ambulance provider with operations in over 2100 communities in over 40 States. AMR proudly serves our nation's veterans on both an emergency basis, through 911 calls, and a non-emergency basis through contracts with the Department of Veterans Affairs (VA). Like so many other non-VA providers in the country, AMR has had consistent difficulty getting reimbursed by the VA for services we provide to veterans. Despite the fact that AMR has been working diligently with the VA for over 2 years now to try to get the backlog resolved, the current payment backlog at the VA for AMR claims totals approximately $15.8 million. Unfortunately, there has been very little progress after two years of biweekly conference calls with members of the VA CBO and VISNs. As stated in our initial testimony provided for the Committee's hearing in June, 2015, our work has been useful in obtaining the names of contacts that work directly on medical transportation claims, but very little improvement has occurred in terms of actually resolving the issues we have uncovered or in timely payments received.

Background

AMR has been operating since 1992 and currently provides over 3.3 million transports annually to patients in the communities we serve. Approximately 100,000 of these services are provided to veterans across the nation. AMR has over 19,000 employees nationally and many of them are veterans. We continue to be diligent in our recruiting efforts to attempt to reach and provide employment to as many veterans as possible and have established recruiting and training programs specifically directed to provide a career path within AMR for our military heroes who are returning to civilian life. Our objective is for every veteran who desires a career in the world of Emergency Medical Service to be able to attain their goal.

Each of AMR's operations provides clinical ambulance services to our nation's veterans. As a result, AMR works directly with 20 of the VA's Veteran Integrated Service Networks (VISN) when submitting claims and the required documentation as we attempt to secure reimbursement for our services.

Unfortunately, as we stated previously, this is not an easy task. While we do everything possible to ensure that veterans' covered services are paid directly by the VA with as little involvement by the veteran as possible, the VA's current lack of consistent processes, the lack of electronic capability for claims submission and the huge backlog of delinquent payments make this goal extremely difficult, if not impossible.

AMR submitted written testimony to the House Committee for Veteran's Affairs for the hearing on June 3, 2015, entitled "Assessing VA's Ability to Promptly Pay Non-VA Providers." Throughout our testimony, AMR discussed several issues that had been discovered through our work with the VA that were causing delinquent payments. As we discussed in our original testimony, AMR's work with the VA began in May, 2014 when Congressman Coffman facilitated weekly conference calls between AMR and representatives of the VA.

Because another year has passed since the discussion of the issues in our testimony for the June 3, 2015 hearing, AMR would like to take this opportunity to update the Committee on the status of the major issues today.

The VA continues to be Delinquent in Payment for Both Emergency and Non-Emergency Claims

Although the conference calls between the VA Central Business Office (CBO), VISN staff and AMR have occurred on a biweekly basis, payments for both Emergency and Non-Emergency Claims continue to be processed very slowly and the total currently owed to AMR by the VA exceeds $15 Million. Of that total, $4.5 Million of all claims (contract and non-contracted fee basis claims) are over 90 days old.

Despite the requirement of prior authorization that is included for contracted services with VA facilities, over $967,000 of contracted claims remain outstanding over 90 days from the date the service was provided to the veteran ***and*** authorized by a VA facility. These claims are subject to the prompt payment rule and should be paid within 30 days. Unfortunately, even though AMR is fulfilling our commitment to the veteran and the VA facility, clearly, the VA is not fulfilling its contractual obligations to AMR. Nor is the VA processing claims within the 30 day prompt payment regulation that they are mandated to comply with through statute.

Claims payments for emergency services to veterans have not improved either. Claims processing continues to be done primarily on a manual basis and processing of these claims is extremely slow once the VA receives the documentation required. In addition, the VA continues to follow what we believe to be a misrepresentation of their own processing requirements as it pertains to emergency ambulance services. We will discuss this and what we are doing to attempt to resolve this problem a bit later in our testimony. Due to the VA's mishandling of emergency claims, the backlog of VA emergency claims only at AMR currently totals over $11 million. Of this amount, over 27% of these claims have remained outstanding more than 90 days past the date the service was provided to the veteran.

Discussions with the VA have not Resulted in Solutions to Payment Challenges

Although consistent dialog has continued and issues are addressed during every discussion, the VA does not seem to be able to make substantial progress. The total amount due to AMR when we began working directly with the VA staff in May, 2014 was $10 million. Since our work began, the total due to AMR has been as high as $18 million and averages from $13 to $16 million on a regular basis. No other payer demands as much of AMR's claims processing time and resources, and no other payer's reimbursement methodologies are as cumbersome. Ironically, even with all the additional time and attention expended on VA claims at AMR, the VA remains the most delinquent of all our payers.

The VA was tasked with reviewing the cost/benefit of outsourcing the claims administration portion of their service at the June 3, 2015 hearing. However, we were recently informed that because the agency is implementing Electronic Claims Transmission (ECT) pilot programs to resolve the delinquent payment issues, they do not plan on putting such an analysis together. We will discuss the ECT pilot programs in and AMR's involvement with them in more detail later in this testimony.

Utilizing third party contractors to process Medicare claims works very well for ambulance providers. At a minimum, AMR feels strongly that the VA should follow Congress' instruction and produce the requested cost/benefit analysis to study the pros and cons of utilizing third party contractors for their claims adjudication process so that a sound decision can be made. Additionally, AMR supports and urges the Committee to consider H.R. 4689, "The Timely Payment for Veterans' Emergency Care Act" sponsored by Congressman Boustany.

Several Problems Continue to Contribute to VA's Delinquency in Claims Processing

The following portion of our testimony includes an update on the various problems that were discovered through our work with the VA and discussed in our previous testimony for the June 3, 2015 Committee hearing.

VA Continues to Require External Records from other Health Care Providers before Paying Emergency Claims

The VA is holding emergency ambulance claims prior to processing or payment until medical records are received for the veteran's entire episode of care on the day of the ambulance transport. Even if the veteran meets the additional requirements established within the VA's payment regulations (e.g., whether the incident is service or non-service related, whether the patient has been seen within a specified period of time prior to the current date of service), the VA does not truly utilize the prudent layperson standard to establish payment for emergency medical services. In addition to the ambulance service's documentation, the VA still claims that it also requires documentation from other medical providers that are involved with the patient's care on the date in question before the VA can pay any of the claims received. Putting these criteria in the ambulance service's context, the ambulance provider's claim cannot be reimbursed until all medical records from the hospital and other clinicians that see the

veteran on the day of their ambulance transport are received and reviewed by the VA. This means that even though the ambulance service personnel are not even present and the ambulance service has absolutely nothing to do with the care that is rendered once the patient is transferred to the receiving facility, the ambulance provider's claim is delayed until all other claims are received and evaluated to determine whether the entire incident can satisfy the need for medical care on that date.

This retrospective lookback using the facility medical records provides the physician at the VA much more definitive information about the outcome of the veteran's medical encounter than the ambulance provider is aware of during their entire time with the patient. Because the VA regulations state that the Prudent Layperson Standard is the standard by which the VA will reimburse emergency medical services, that is the standard that should be used. Unfortunately, that is not the case.

In April of 2015, Congressman Coffman contacted VA Secretary McDonald about this issue on AMR's behalf. Acadian Ambulance Services also requested that Congressman Boustany submit a request for review of this issue to the VA. The Deputy Secretary of the VA responded and stated that the VA was applying their claims methodology for emergency ambulance services properly. We were informed that if we did not agree with their current practices, we would need to seek a legislative solution.

Because of this response to our inquiry, Congressman Coffman recently introduced H.R. 5149 which would specifically require the VA to reimburse emergency ambulance services based solely upon the Prudent Layperson Standard. The bill was introduced by Congressman Coffman on April 29, 2016 with the bipartisan support of Congresswoman Titus, Congressman Abraham, Congressman Takano and Congressman Boustany as original cosponsors of the legislation. The American Ambulance Association is supportive of H.R. 5149, and we have included a copy of their statement as an addendum to our testimony document. We urge the Committee to include the language from H.R. 5149 in any VA reform legislation that may be developed this year so we can resolve this issue for veterans and ambulance providers once and for all. Enactment of the language in H.R. 5149 would help resolve the VA's current misinterpretation of the emergency ambulance service claims requirements and alleviate much of the emergency claims backlog (up to 30% of emergency claims are currently held or denied because of this one issue). Veterans would no longer be held financially responsible for emergency ambulance claims that the VA should have paid and ambulance services would be reimbursed based upon the true application of the Prudent Layperson Standard, which is the standard that other large payers such as Medicare, Medicaid, Medicare Advantage and Blue Cross/Blue Shield apply to establish medical necessity for emergency ambulance services. Ambulance providers nationally would appreciate the Committee's consideration of H.R. 5149 when VA Reform legislation is discussed this year, and we applaud Congressman Coffman for his leadership on this issue.

Electronic Claims Transmission (ECT) is Still Not Available for Submission of All Ambulance Claims

The VA began conducting an ECT pilot program to provide electronic claims submission for all types of ambulance claims in 2015. The main goal of the ECT pilots were to ease the burden for the provider since no eligibility tool is available and VA program requirements for ambulance service eligibility are extremely complicated. The VA is currently claiming great success of Phase I of their ECT pilot which

includes five sites (Atlanta, GA, Alexandria, LA, Minneapolis, MN, Las Vegas, NV and Boston, MA). Although the VA claims the ECT pilot has decreased the time taken to pay claims, this has not been the outcome of the program at AMR. AMR has participated in two of the five pilot programs and, thus far, we have not seen faster payment turnarounds as an outcome of the process.

AMR has seen some benefits of the ECT programs that have been implemented. Some of these benefits are: reduction of paper, visibility of claims submission, tracking of claims acceptance at the VA, ability of reporting at the VA of claims received and faster processing status for denials which generate a paper response received as correspondence on determination. Unfortunately, the current internal shuffling of claims between the different departments within the VA to determine who is responsible for processing the claim and determining whether all of the eligibility criteria has been met continues to hamper the process from showing as much effectiveness and efficiency as possible.

Because of the VA's own cumbersome process requirements, the current ECT pilot cannot be as streamlined and successful as it would be if the process regulations were clarified. Currently, the claim is transmitted by the provider and received electronically and the provider receives proof of receipt very quickly. However, because of the VA's own process requirements that must be followed and medical claims from other healthcare providers that must be retrieved and approved for coverage before the ambulance claim can be paid, the ambulance claim is still taking a significantly long time to actually process for payment. *Until the specifications included in H.R. 5149 are passed into law, the ECT process that the VA believes will resolve ambulance provider payment problems will not be effective.*

We were recently told that the VA was so pleased with the outcome of Phase I of the ECT pilot program that they are moving forward with Phase II. Again, while this may improve the submission of the information of the veteran's episode of care to the VA, it will NOT solve the delinquent payment problems. Until the regulations are clarified and the Prudent Layperson Standard is applied correctly by the VA, the ECT pilot program only allows the claim to arrive at the VA more quickly--the processing time remains the same. The ECT pilot program that the VA has implemented is not, in the true sense of how other payers use ECT, fully capable of processing the claim for payment or denial. All it does is allow the VA to accept the information into its system through electronic means while the rest of the process requirements are still performed manually.

VISNs Claim Lack of Funding

When AMR discusses delinquent claims problems with individual VISNs, we continue to be told that the VA must request additional funding because insufficient dollars were appropriated for ambulance services in their budget. This funding request must then go through the VA's internal approval process and causes a large part of the problem with delinquent payments on facility contracted claims. This continues to occur as early as the first quarter of the year. The CBO has sufficient funds to pay ambulance claims but the internal authorization process that must be followed to obtain the funding to pay ambulance providers at the VA facility level takes a substantial amount of time. This process is especially frustrating because the VA has already agreed that the claim should be paid.

The root cause of this problem remains the same as was discussed in our initial testimony. Rather than work with the ambulance professionals during their budgeting process to ensure that the proper amounts are included in their budgets for clinical ambulance care and transport of veterans in each area, the VA budgets are based upon past volumes on a cash basis. If the VA would work together with the ambulance companies to discuss whether there will be volume fluctuations because of various demographic or other differences, much of this problem could be eliminated and resources could be saved for both the VA and the providers and ultimately decrease the number of delinquent claims. AMR and other ambulance providers have reached out in attempts to work with the VA on this issue but the VA has not reciprocated.

There are Not Enough Resources within the VISNs to Process Ambulance Claims

Another problem that continually is used as the number one reason claims cannot be processed is that there are not enough resources within the VISNs to process ambulance claims. The VISNs have continued to be very honest that this is true. We continue to be told by VA personnel that the reason there is such a backlog of our claims is that they simply do not have enough people working on them. The problem is exacerbated when one of the dedicated personnel at the VA is not working for a period of time, and there is no process to accommodate any backfill of that person's work. So, they leave a backlog when they go on vacation or medical/personal leave and come back to a backlog that is exponentially worse because no one has been processing any of these claims in the meantime. While the VA continues to tell us that they will find a solution to this problem, it is now a year later and after two years of being told this is the number one hurdle to their successfully adjudicating claims timely, no solution has been forthcoming.

When VA does not Pay Claims, Veterans are Affected

As discussed previously, when the VA does not pay claims that they are responsible for paying, veterans continue to be held financially responsible. AMR is still committed to doing everything possible to hold claims until we receive notification directly from the VA that the claim is either not covered or is paid. Despite the fact that there are claims are over a year old that AMR continues to hold open, hoping we can work through whatever issue is prohibiting the VA from paying the veteran's claim, we feel strongly about not holding the veteran financially responsible if the VA should be covering their service.

As we explained in previous discussions and testimony, larger ambulance providers are able to operate despite the VA's delinquent payments and can hold claims open for longer periods of time as they attempt to retrieve reimbursement from the VA. Smaller ambulance providers are a harder time than ever holding VA claims open without payment for long periods of time. Many small providers have simply stopped serving veterans in non-emergency and contracted scenarios. This has put even more of a burden on large ambulance providers. Since the VA has no emergency ambulance service capability, a non-VA supplier must always provide these services for our veterans. Because small ambulance providers can no longer afford to provide these services to veterans, much of their previous service areas must be covered by larger providers. This may result in increased response times as another company must travel longer distances to treat veterans which ultimately reduces the quality of

care provided to our veterans and creates an even higher financial burden on the large providers as they absorb more and more VA services.

In addition, as the VA payment cycle increases, it becomes more common for veterans to be held responsible for paying their ambulance bills. In a recent survey of several members of the American Ambulance Association, over 70% of respondents stated that they had no choice but to hold the veteran responsible for paying their ambulance claim after waiting for VA's payment for over 60 to 90 days. Some smaller providers could only wait for VA to pay their claims 45 days and then held the veteran responsible for payment. As a result, veterans have begun to question whether they should dial 911 for fear of being held responsible for paying ambulance claims – and perhaps their hospital bill as well - if the VA determines that the veteran's ultimate diagnosis could have been treated in another manner. Hindsight is 20/20 but do we really want our veterans to feel that they should think twice about dialing 911 for help when they truly need it? Once again, H.R. 5149 deals with this issue and would help ensure that the veteran would never have to be held responsible for paying an emergency ambulance claim that the VA should be responsible for paying because of a retrospective lookback using information that was not available when help was truly needed. Veterans should never be afraid to ask for help in an emergency because of the VA's inappropriate application of the Prudent Layperson Standard. The VA should treat emergency ambulance claims in the same manner as other payers have done for well over a decade and use solely the Prudent Layperson Standard to establish coverage of the service.

Conclusion

We appreciate the Subcommittee's consideration of these issues. While we were all hopeful that the Veterans Access, Choice and Accountability Act, which was signed into law in 2014, would help resolve critical payment issues, unfortunately it has not. We were hopeful again after the June 3, 2015 hearing that ambulance services' claims payment problems would improve. Unfortunately, that has not been the case either. In fact, the situation has gotten much worse in almost all areas of the country. The VA is already subject to prompt payment laws—laws the agency is not following. Respectfully, we submit that Congress needs to take aggressive action to fix the VA's health care system and ensure that our nation's veterans receive the care they deserve. By supporting the provisions included in H.R. 5149 and H.R. 4689, the Committee would make great strides toward preserving high quality clinical ambulance services for veterans without creating the current level of anxiety about becoming financial liable for medical claims that the VA should be paying and, at the same time, provide a path forward for much fairer treatment for our nation's ambulance service providers.

AMR thanks the Chairman and the Committee for the privilege of submitting this testimony.