

# OFFICE OF FISCAL ANALYSIS

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sSB-179

## AN ACT CONCERNING RATES FOR AMBULANCE AND PARAMEDIC SERVICES.

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### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	Potential	Potential
Resources of the General Fund; Social Services, Dept.	GF - Cost	Potential	Potential

Note: GF=General Fund

#### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Various Municipalities	Cost	Potential	Potential
Various Municipalities	Savings	Potential	Potential

### ***Explanation***

The bill results in potential costs to the state and municipalities and potential savings for certain municipalities beginning in FY 25.

The bill requires health carriers to cover medically necessary ambulance services in line with the rate schedule that the Department of Public Health (DPH) already sets for these services. Under current practice, carriers often negotiate lower rates than the “maximum allowable rates” published by DPH. The bill's provision may result in higher costs for health carriers (including the state employees and some

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

municipal plans) and savings to towns.

Additionally, the bill appears to expand the existing mandate for medically necessary ambulance services to include paramedic intercept services, for which providers can seek direct reimbursement under the bill.<sup>2</sup> This component of the bill may result in costs to the plans and associated with the Exchange.

To the extent the bill also mandates coverage for certain treatment at the scene when there is no ambulance transport, the bill results in potentially significant costs for the state employee plan, fully insured municipalities, and associated with exchange enrollees, as that is not currently a mandated or typically provided coverage.

#### **Potential Costs to the Office of the State Comptroller - Fringe Benefits and Municipalities**

The bill results in a potential cost to the State Comptroller - Fringe Benefits account associated with new mandated coverage of paramedic intercept services, and potentially different reimbursement rates under the plan. The state employee health plan uses reimbursement rates for emergency medical services (EMS) up to DPH's current maximum allowable rate. The cost to the plan will depend on the difference between current reimbursement rates for EMS and the rates utilized under the bill, as well as the number of EMS claims.

Certain municipalities with either self or fully insured health plans or participation in the Partnership plan will see a potential cost to the extent the plans do not currently fully reimburse the maximum allowable rates for EMS, including the potentially mandated coverage of treatment without medical conveyance, subject to the Commissioner's rate schedule. Due to federal law, municipalities with

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<sup>2</sup> Paramedic intercept services are advanced life support (ALS) services provided by a paramedic from a separate organization to a patient being transported by an ambulance service. At the ambulance services' request, an outside paramedic meets the ambulance via a separate vehicle and rides inside to provide services for more serious cases.

self-insured health plans are exempt from state health insurance benefit mandates, so potential costs are contingent on the plan electing to adopt the mandate.

### **Potential Costs Related to Exchange Enrollees**

The bill could result in a cost to the state to defray additional premium costs for enrollees purchasing health insurance on the state's exchange, to the extent the requirement for "paramedic intercept services" is determined to increase premiums and constitute a new state benefit mandate.

Typically under current law, the provider of the ambulance transport service bills the insurance company for a higher level of care made possible by the paramedic intercept service and then reimburses the provider of paramedic intercept services at an agreed upon rate. It is not clear to what extent the bill will result in coverage for services not already being partially covered through such combined billing arrangements. The plain average of DPH's 2024 rate schedule for paramedic intercept services is \$1,088, for basic life support (BLS) is \$945, and for advanced life support (ALS) is \$1,611.<sup>3</sup>

The bill could also result in additional costs to defray premiums for exchange enrollees to the extent there is an additional new mandate for treatment without conveyance that is determined to require defrayal.

Under the Affordable Care Act (ACA), states are allowed to mandate benefits in excess of the essential health benefits but must pay for the excess coverage. Federal regulations require the state to defray the cost of additional benefits related to specific care, treatment or services mandated by state action after December 31, 2011 (except to comply with federal requirements) for all plans sold on the exchange.<sup>4</sup> There are currently 130,141 enrollees in qualified health plans on the exchange,

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<sup>3</sup> DPH Office of Emergency Medical Services, 2022-2024 Allowable Rates by EMS Organizations

<sup>4</sup> 45 CFR 155.170

including 29,687 in Covered Connecticut.

To the extent the bill is determined to include one or two new state benefit mandates that require defrayal, there would be a cost to the state beginning January 1, 2025.<sup>5</sup> Full year costs would begin in FY 26 and continue annually.

Defrayal costs for Covered Connecticut enrollees would be incurred by the Department of Social Services (DSS), to the extent the bill raises premiums for those enrollees. The bill could also increase Covered Connecticut costs to the extent it increases the negotiated reimbursement rates for already covered ambulance services, however, that impact would be limited due to the way federal subsidies for those enrollees would increase as well.

It is not clear how or when the ACA defrayal rules will be enforced for non-Covered Connecticut enrollees. Recently proposed federal regulations, if finalized, would provide a means for the state to integrate existing state benefit mandates in essential health benefit categories into Connecticut's benchmark plan, which could alleviate some federal premium defrayal requirements in the out years.<sup>6</sup>

### **Potential Municipal Savings**

The bill could result in a savings to various municipalities beginning in FY 25 to the extent insurance providers reimburse ambulance companies at a higher rate and extend the coverage to include paramedic intercept services.

Funding structure for ambulance services varies widely by municipality. Municipalities that provide their own paid ambulance service will likely see the largest impact as a greater portion of operating expenses may be covered by the insurance providers. Municipalities

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<sup>5</sup>After determining if the mandate is subject to defrayal, states must reimburse the carriers or the insureds for the excess coverage. The premium costs are to be quantified by each insurer on the exchange and reported to the state.

<sup>6</sup> 88 FR 82510

that do not provide any expenditures for ambulance services will have no impact.

Insurance providers currently negotiate a reimbursement percentage for ambulance services based on the maximum allowable rate set by DPH. Removing the maximum allowable language may allow ambulance services to negotiate based on a higher rate or receive the full DPH rate.

For example, an insurance company that currently reimburses an ambulance provider at 80% of the average statewide rate set by DPH might instead be required to reimburse at 100% of that rate. For a service such as basic life support (BLS), the ambulance provider would see an increase of approximately \$190 for each instance when they provide BLS.<sup>7</sup> This revenue increase for ambulance services may result in a corresponding savings to municipalities.

Municipalities may also see a corresponding savings to the extent insurance providers reimburse ambulance companies for paramedic intercept services.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the DPH EMS rate schedule, carrier negotiated rates, the number of QHP enrollees on the exchange, federal regulations concerning defrayal, and the methods municipalities use to provide and fund ambulance services.

*Sources: Department of Public Health 2022 Office of Emergency Medical Services Annual Report  
Department of Public Health <https://portal.ct.gov/DPH/Emergency-Medical-Services/EMS/Office-of-Emergency-Medical-Services-Homepage>  
Office of Health Strategy All Payer Claims Database*

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<sup>7</sup> Basic life support (BLS) is defined by the Connecticut Department of Public Health's Office of Emergency Medical Services as transportation by ground ambulance vehicle where the vehicle is staffed by an individual who is qualified as an EMT-basic.