MANAGEMENT FOCUS

— For Providers of Emergency Medical Services —

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RESTOCKING SEVERELY LIMITED

The Federal government issued proposed "Safe Harbor" rules May 22, 2000 that are so restrictive many hospital restocking programs will likely be curtailed.

The proposed rule requires Hospitals and EMS services meet one of two mechanisms when restocking ambulance supplies, linens or medications from hospitals to be within the anti kickback "Safe Harbor." The anti-kickback statute prohibits the payment or receipt of anything of value to influence referrals under Medicare and Medicaid.

Restocking is permitted if the service pays fair market value for all items. Alternatively, if restocking is free or at reduced prices it is only permitted if all seven of the following criteria are met:

1. Hospitals restock all ambulance services bringing patients to the hospital on equal basis including both for-profit and not-for-profit services.

2. The program is part of a comprehensive coordinated effort to improve EMS that is open to all providers and monitored by an independent oversight entity.

3. Arrangements are in writing.

4. Hospitals must not bill either the government or beneiciaries nor can they write off the restocking cost as bad debt.

5. The ambulance service cannot bill separately for restocked items "since ambulance suppliers could receive drugs and supplies for free or reduced cost under the safe harbor, it would be inappropriate for the supplier to bill the government separately for the drugs and supplies."

6. Both the hospital and ambulance service must maintain records of the items restocked and provide them to the government upon request.

7. Both the hospital and service must comply with all other federal, state and local laws including those related to controlled substances.

Non-emergency ambulance services are not eligible for free exchange or reduced cost restocking procedures and those services must pay fair market value for any drugs, linen or supplies.

Most hospitals will be unwilling to participate in a program with such a heavy administrative burden and complex regulatory compliance requirements. The previous practice of freely exchanging an item that the hospital subsequently included on the hospital bill of the patient is not within the "safe harbor" under the proposed rule.

The proposed rule relates specifically to hospital restocking. However, the anti-kickback statute could be interpreted to also restrict ambulance services in a competitive market that are exchanging or restocking first responders. This could be problematic if the restocking were construed as an inducement to obtain transport referrals.

A copy of the proposed rule is posted www.fitchassoc.com. The comment period closes July 21, 2000. The rule is expected to become final later this year.

MEETING THE FUTURE'S CHALLENGE

Do you remember "The Transformers" TV cartoon? A diverse group of characters become energized to save the day.

Our profession has experienced that same transformational leadership from many individuals during the past two decades. Some have been high profile personalities. Others have steadily worked without significant recognition.

What do David Werfel, Jack Krakeel, Keith Griffiths, Dr. Ed Racht, Susan McHenry, Steve Forry and Lynn Zimmerman have in common? All are being honored as "Transformers of EMS" at the upcoming Leadership Conference in Kansas City.

These individuals represent a variety of sectors and interest areas. They have worked steadfastly to improve the profession. While their names may not be the most recognizable, each has subtly made unique contributions. Interacting with them can transform your perspective on where you need to lead your organization in the coming months and years.

David Werfel has served as the AAA's reimbursement specialist interpreting maddeningly complicated regulations. David will present both a historical frame work on reimbursement but will provide strategies for dealing with reimbursement changes.

Chief Jack Krakeel, was recently recognized as the Fire Chief of the Year. He is a former chair of the IAFC's EMS section and is respected by both public and private providers. He will present the fire service systems perspective on the future.

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EMS & HOSPITAL TRENDS & NOTES

Bystander CPR. A recent study in the New England Journal of Medicine indicated that survival rates increase when bystanders skip the mouth to mouth and provide chest compressions only for cardiac arrest victims.

Bystanders have been reluctant to perform CPR due to worries about AIDS, hepatitis or other diseases. It is expected that the NAEMD will adopt new guidelines for pre-arrival instructions later this summer. The six-year study was conducted in King County, Washington and focused on patients in ventricular fibrillation. It excluded respiratory arrest, drug overdoses or when something else was the primary problem.

SNF Discounts. The HHS Inspector General responded to a complaint that it was not aggressively pursuing ambulance, hospital and nursing home discounts. The IG's May 19 response indicated that such arrangements raise issues under the anti-kickback statute and that the various instances of conduct are being examined. According to the IG providers that interpret the absence of aggressive enforcement action to date as a green light to engage in such pricing arrangements, do so at their own jeopardy.

Inflight Telemedicine. British Airways will equip long-haul aircraft with tiny heart monitors capable of transmitting diagnostic data via satellite communications technology. Designed to complement the defibrillators currently onboard, the system was developed by Medtronic Physio-control. It will transmit data to Board-Certified emergency physicians who will consult with medical practitioners that may be on board or instruct the crew in the administration of medications from the on board medical kit. Other airlines are expected to follow BA's lead.

Stress. Job stress is becoming a major workplace problem, according to a Families and Work Institute study released this year. The study found that more than one-third of workers feel stressed or burned out by their work. Although workers have always experienced stress on the job, new economic factors such as downsizing and layoffs are increasing the stress level of the average worker. Experts warn that job stress is more dangerous than many employees realize. Repeated exposure to stress can have physical consequences such as an increased risk of high blood pressure and heart disease, as well as repetitive back or muscle aches. Stress on the job is also associated with increased emotional problems such as depression. What can employees do to combat stress? Experts recommend identifying processes and policies that increase stress and considering ways to improve them. For example, explore ways to streamline job functions, improve communication skills, and resolve conflicts. If job stress continues even after you have taken these steps, it may be time to reevaluate your career path. For more on this topic, visit www.onhealth.com.

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MEETING THE FUTURE'S. . .

Keith Griffiths is the former publisher of JEMS. He shaped the thoughts of more than a generation of EMS leaders. He will outline his top ten past and future stories that impact service leaders.

Ed Racht, MD is one of the new breed of emergency physicians that truly understand EMS systems and providers and is being recognized for encouraging development of both. During the conference he will forecast the future - from a clinical perspective.

Susan McHenry will be providing insight about how to continue to transform your local program to be on the cutting edge. Previously, the EMS Director for the State of Virginia, She is now an EMS specialist with the US Department of Transportation.

Steve Forry is a volunteer, an EMS administrator, and a former risk management specialist for a major insurance company. Public, private and volunteer audiences have heard the passion he conveys about working safely.

Lynn Zimmerman is a practical leader with visionary qualities. Her work on infection control and quality improvement is legendary. She will describe the challenge of balancing quality innovation and cost at the conference.

In addition to the topics presented by the honorees, a full day session titled "Responding to the Medicare Fee Schedule" will outline key operational and financial strategies.

The honorees will be joined by the partners and staff of Fitch & Associates to welcome (or reacquaint) you with Kansas City hospitality. What makes the Leadership Conference unique is its intentional small size. It is designed to facilitate personal discussions among faculty and participants and help leaders build a solid resource network.

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MORE SERVICES "HIT THE WALL"

Market conditions for medical transportation are difficult and getting more complex.

EMS leaders are only now beginning to recognize fundamental changes impacting urban, rural, community-based, hospital, and public sector programs. Many will "hit the wall" in the next 18-36 months as expenses outpace revenues while at the same time both operational and political flexibility decrease. The racetrack analogy helps make the point about what looms ahead and how to avoid impact.

Wall Street EMS providers have brushed the wall and are careening toward impact. Both AMR and Rural Metro are struggling to avoid the ultimate collision by changing parts (exiting non-performing markets) while ignoring the fact that the engine isn't turning enough RPMs (return on investment) to finish the race.

Fire service leaders are realizing they have entered a race (EMS transport) with an older vehicle (organizational culture) that is accelerating rapidly. Relationships between management and labor for some Fire/EMS programs can be likened to driving a racecar with jammed steering mechanism.

Rural and community-based services (including volunteer services that charge fees) are further back on the track may not yet see the pile-up. When they make the turn, their reaction time to avoid an impact is less.

New racecars are entering some tracks at an alarming pace. Niche "mom & pop" non-emergency transport services (NET) are entering urban markets. Frequently inexperienced, they are prone to hit the wall early. Equally alarming however is the debris they scatter making it a more difficult race for the remaining contenders.

These six obstacles must be navigated by those intent on avoiding impact and finishing the race:

1. *HCFA Fee Schedule:* Decreased revenue demands services become more efficient. The reimbursement process is becoming far more complicated and requires sophistication beyond many small services' current capabilities. Interpreting Medicare and payer regulations to avoid fraud while still providing high level service is an obstacle for all sectors.

2. *Mindset*: We are limited by the perception of what is possible. Mentally stuck in low gear, many services (in all sectors) are unable to see exciting possibilities that can balance efficiency and effectiveness. Attitudes, resistance to change and culture are ways we get caught in ruts on the track. Trading entitlement attitudes for one of innovation is critical to get out of the normal grove and maneuver around the pileup of those hitting the wall.

3. *Reimbursement & Contracting:* Not only are the fees per transport declining, processing reimbursements is getting significantly more restrictive. Learning how to process payments is key. Payer contracting is becoming increasingly specialized and complex even though pricing remains a primary consideration. It is more difficult to negotiate contracts, manage data and deal with changing collection strategies.

4. *Staffing Shortages:* A strong economy is pulling entry level EMS personnel to other service occupations. While there are no definitive figures for EMS, the nursing shortage is currently approaching 100,000. Demand may exceed supply by 500,000 RNs in the next 10 years according to healthcare futurist Russ Coile. Fire personnel are retiring at record numbers causing rapid movement of personnel through the EMS ranks resulting in shortages on FD ambulances and within the private sector.

5. *Unionization.* In times of change personnel will continue to organize to improve their clout. While good unions aren't bad and bad unions aren't good, the trend actually reflects a lack of management sophistication that must be addressed. Employee frustration frequently is a sign of leaders needing expanded skills and improved communications rather than more substantial issues.

6. *Niche Competition for NET:* The increasing number of "fly-by-night" non-emergency players in urban markets is making it difficult for reputable services to fairly compete. Medical facilities and payers who want the best "deal" encourage questionable pricing schemes and employment practices. (see the news note about SNF Discounts.) Broken down vehicles and under-qualified staff are the norm. Patients are routinely being put at risk. So is the stability of entire systems.

Navigating around these obstacles does not ensure the checkered flag. It does give a service the opportunity to avoid a pileup or the impact of hitting the wall. Those services that not only can navigate through, but turn the disasters into opportunities are those that will win this race.

EMS - NORTH OF THE BORDER

EMS is evolving raiply throught Canada. Municipal departments of EMS provide service in most large communities. Fire Departments are generally less involved in transport in Canada than in America. Ambulance service is typically funded by the Province (i.e. state) and in some areas, is operated by the Province.

Nova Scotia. Five years ago 55 independent providers were involved in the Provincial emergency health services system and achieved a response time of approximately 62%<8:59. Today, the system is performance based, achieves 82%<8:59 and is required to meet 90%<8:59 before 2004. The single provider is Maritime Medical Care, now affiliated with Blue Cross. For more information on this innovative model, visit the EHS' website at www.gov.ns.ca/health/ehs.

Ontario. Province-wide change in is underway. Provincially operated and contract ambulance services are being "downloaded" to Upper Tier Municipalities (Counties) on January 1, 2001. In Canada's capital, the merger of nine separate municipalities is forming "The New City Ottawa." Fitch & Associates is guiding the implementation of a governmentally operated EMS system that must meet best practice standards or be competitively bid in the future.

Private Sector. AMR and Rural Metro have been unsuccessful in penetrating the Canadian market. Privatization is less popular in Canada than in the US. A limited number of small transport firms exist. In some areas, entrepreneurial organizations have maintained market share.

Edmonton. A significant improvement plan to upgrade to all ALS, improve dispatch and achieve response times of 8:59<90% was approved last month by the City Council. The Fitch & Associates' study & recommendations outlined mechanisms to achieve defined performance levels at a defined cost. Edmonton EMS operates as a separate operating unit as does the municipal fire service within the Emergency Response Department. ERD communications, medical direction and administrative management are consolidated.

Saskatchewan. Saskatchewan Health has undertaken a Province-wide study to make recommendations to its Minister regarding the EMS System. The Province has teamed with Fitch & Associates to determine optimal dispatch & response processes, system structure, and a cost sharing methodology. The key components to be analyzed include: Determining ambulance base locations, estimating costs for base locations, human resource issues and strategies, identification of centralized dispatch options and financing options.

Upcoming Events

2000 LEADERSHIP CONFERENCE

Hyatt Regency Hotel
Kansas City, Missouri

July 27
Pre-Conference
Responding to the Medicare Fee Schedule

July 28-29, 2000
Conference
Transformers of EMS

Download the brochure from our website at www.fitchassoc.com and fax your registratin form before July 5, 2000 to obtain the early registration discount.

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