

Response to Questions on the FY 2017 Budget

Request By: Supervisor McKay

Question: Is it possible to charge a fee for medevac transport similar to the fee the County charges for EMS ground transport?

Response: Fairfax County's helicopter program is designated as "Public Use" by the Federal Aviation Administration. As a public use aircraft, the Police Department is not permitted to charge any fee for services rendered. If Fairfax County chose to pursue charging a medevac transport fee, the Fairfax County Police Helicopter Division would need to be reclassified under the FAA's "14 CFR Part 135" regulations, which apply to all commercial aviation operations. There are much more stringent regulations placed on Part 135 programs than are placed on Public Use operations. A few examples of how transitioning to a Part 135 may affect operations are:

- There are requirements on the heliport design, such as the inclusion of bunk rooms, and enhanced restrictions on the types of shifts employees are permitted to work.
- The change would have liability implications for the Office of the Medical Director, which may require enhanced malpractice insurance.
- The change may negate the Department's tax exempt status for jet fuel, which would result in increased fuel costs.
- There are enhanced inspection and aircraft maintenance requirements for Part 135 operators.
- Converting to Part 135 would make the Helicopter Division a covered entity under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA imposes significant additional procedural and security requirements on the handling of health records, which the department would need to implement. Other agencies have found it necessary to separate medevac missions from their other operations and become a hybrid entity under the HIPAA privacy regulations to effectively incorporate this into police helicopter operations.

The Helicopter Division could likely incorporate the changes necessary to achieve Part 135 certification, especially with renovations to the heliport facility being planned in the near future. There would be significant costs associated with meeting and maintaining the more stringent regulations and requirements to operate under Part 135 outlined above. While a detailed cost-benefit analysis has not been conducted, it appears likely that the revenue generated by billing for medevac transports would not generate significant income for the County, especially when considering the increased costs for operating in this capacity. Some operational considerations that would limit the amount of revenue are:

- As an agency, the department conducts a small number of medevac missions annually. In 2015, a total of 58 medevacs were conducted. In the 3 years preceding 2015, a total of 66, 72 and 74 medevacs were conducted, respectively.

- Almost all missions are “scene” medevacs, which means the patients are flown from the scene of the incident that caused their injuries to a medical center. Private medevac providers prefer inter-hospital transports over scene medevacs because the patient’s insurance is already on file and the air transport requests are usually made by an attending doctor. Scene medevacs have a much lower ratio of flights where payment can be collected because it is often unknown if the patient has insurance, and there is a heightened requirement to show that the air transport is medically necessary. Companies that do charge are able to collect fees on only approximately 30 percent of scene medevacs.
- Insurance companies have widely varying policies for how they reimburse medevac transportation. Some do not cover it at all, some set a low maximum fee they will pay, and others require substantial documentation to show the air transport was medically necessary, or that other methods of transportation were not available.
- Medicare and many private insurers reimburse for medevac transport at a specific rate based on the number of miles the patient is flown. Billing rates are also increased if the patient is picked up in an area considered to be “rural” for Medicare reimbursement purposes. The majority of our flights go from a non-rural location in Fairfax County to Fairfax Hospital, so the number of miles flown is usually minimal.

The Maryland State Police Aviation Division conducted a similar analysis in 2011 where they attempted to estimate the amount of revenue they would be able to generate by billing for medevac services. Their estimate takes into account the varying levels of payment based on a projected mix of patients with different insurance coverage. It also estimates that 10 percent of the collected fees would go to a company contracted to handle the billing and collection process. Their estimate was based on the 2,235 medevac transports their agency conducts on average each year. Based on that figure, they estimated that billing could generate \$2,976,244 in revenue annually. There is likely some variation in the permissible charge rates and our average flight distance versus those flown by Maryland State Police. However, the figures they reached indicate a profit of \$1,332 per medevac, which would translate into \$90,576 in annual revenue with the department’s average number of 68 medevacs over the last 4 years.

While \$90,576 represents some revenue to the County, it does not account for the additional costs that may be incurred in fuel taxes, malpractice insurance, HIPAA compliance, aircraft maintenance and operational procedures needed to comply with Part 135 requirements. It is likely that when all those expenses are factored in, the amount of revenue would be extremely small, or possibly none. There would also be substantial start-up costs in having aircraft and operations certified for Part 135 operation by the FAA to begin charging for medevac services.

When this issue has been looked at in the past, the general consensus has been that it would be prohibitively expensive to seek certification and operate under Part 135. Additionally, the type of missions flown and the small number of those missions would preclude the billing process from generating much, if any, revenue for the County. Operating under Part 135 would also place substantial additional regulations and procedural requirements on the Helicopter Division’s staff and operational activities. The Helicopter Division flies more than 1,000 public use police and Search and Rescue missions each year. Unlike the Fairfax County Fire and Rescue Department, or the Maryland State Police Aviation Division, medical missions make up only a small percentage of the division’s overall mission profile.

As Maryland State Police found in their research, other considerations include a possible negative reaction to the billing procedure by the public, and EMS and public safety providers, who often see profit motive and public service as incompatible. There is also the possibility of patients being “double billed” for the ambulance transport to the helicopter, and then for the helicopter transport itself. Finally, and possibly most importantly, private medevac providers are often scrutinized for accepting unnecessary risk by taking missions in unfavorable conditions because of profit motive. This is much of the reason Part 135 operations are more heavily regulated, and a safety issue that has garnered national attention in recent years. While risk tolerance can be controlled, there are safety and public opinion benefits to making operational decisions solely on the basis of public safety and service.