

Air Ambulance - A Crisis On the Precipice of Potential Relief

Large employers, plan beneficiaries and other payors have become extremely concerned with the escalating and unaffordable costs associated with air ambulance services. Because of current FAA rules, many air ambulance companies have determined the most profitable course of action is to establish extraordinary increases to air ambulance charges and refuse to negotiate and contract with insurers. This has created a devastating cost to plan sponsors of both fully-insured plans and self-insured ERISA plans – not to mention the plan beneficiaries who receive massive balance bills.

Typically, health services are regulated by the states. However, states are limited in what they can do to regulate air ambulance services due to federal law (the Airline Deregulation Act) which preempts state regulation. The Economic Alliance of Michigan (EAM), and the ERISA Industry Committee (ERIC) have been working to influence federal legislation to help solve this on a national scale. The U.S. House of Representatives has taken steps to remedy the situation. H.R. 4, the FAA Reauthorization Act of 2018, has passed the House, providing an opening for state regulation.

The legislation would limit federal preemption by excluding from preemption “non-air transportation services” defined as those services provided by air ambulance operators (but not other air carriers). Consequently, this legislation would enable states to regulate air ambulance billing. States that already have air ambulance laws will be able to immediately enforce them. Comparable air ambulance provisions have not yet been included in the Senate version of the bill. The Senate is expected to take up the bill very soon. The National Alliance, EAM, and ERIC (and others) have teamed up to send a letter to both House and Senate lawmakers urging them to support the bill.

Implications for Purchasers and Coalitions

With a strategic and focused effort, there is a very good chance that federal FAA legislation could include relief for employers and their covered populations on this critical air ambulance issue. If enacted, laws previously adopted in nine states will immediately take effect. Other states are likely to follow. EAM and ERIC are seeking support from across the country to double down on this effort. Please contact Bret Jackson from EAM at bretjackson@eamonline.org if you are willing and able to lend support to this initiative!

States with Air Ambulance legislation that could be enabled with FAA legislation

- South Dakota
- Florida
- Montana
- Texas
- Missouri
- Alaska
- Nevada
- Washington
- Minnesota

Health Policy in Transit A Purchaser Viewpoint