

Date of Hearing: May 10, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Chris Holden, Chair
AB 55 (Rodriguez) – As Amended April 27, 2023

Policy Committee: Health Vote: 15 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill establishes a “workforce adjustment” supplemental Medi-Cal payment for emergency and non-emergency ambulance services, to make payments for ambulance services equal to 80% of the Medicare rate, applicable to ambulance services provided by private medical transportation providers who raise wages for several classes of employees. This bill specifies the new payments are in addition to base Medi-Cal payments and “add-on” payments made through an existing supplemental payment program.

FISCAL EFFECT:

Costs of an unknown amount to the Medi-Cal program (General Fund and federal funds).

Cost pressures of up to \$200 million (General Fund). The author and nine other members of the Legislature requested that amount to support the increase in Medi-Cal reimbursement rates required by this bill.

COMMENTS:

1) **Purpose.** According to the author:

Current Medi-Cal reimbursement rates do not even cover ambulance transport costs. Providing ambulance services in California comes with the highest cost nationwide. The reimbursement rate must reflect those costs so our providers can offer competitive wages and benefits, bringing sustainable funding to the program. In recognition of the fact that EMTs and ambulance providers are a vital part of our emergency management and response operations, this bill would increase the reimbursement rate while providing prevailing wages to workers who respond to our communities’ emergencies.

2) **“Workforce Adjustment” Payments.** This bill establishes a workforce adjustment supplemental Medi-Cal payment for emergency and non-emergency ambulance services. It establishes overall payment levels for ambulance services at 80% of the Medicare rate, for ambulance services provided by private medical transportation providers who raise wages for several classes of employees. The amount of the workforce adjustment for a particular emergency ambulance service claim would be calculated by starting with what Medicare would pay for the service based on the ZIP code in which the trip originated, then subtracting

the base rate and additional payments, like mileage, that Medi-Cal would normally pay, then subtracting the amount of the quality assurance fee (QAF) payment. The remainder would be the amount of the workforce adjustment payment for that particular claim. In simple terms, the workforce adjustment payment is intended to “fill the bucket” until the total payment for each claim is 80% of the Medicare rate. It applies a similar calculation for NEMT services, except it excludes the QAF payment from the calculation, given the QAF applies only to emergency services.

Only eligible providers would receive the payments. This bill establishes eligibility for providers that give a 10% raise to each dispatcher, certified EMT, advanced EMT, licensed paramedic, and registered nurse, and then provide a year-over-year increase in wages commensurate with an economic inflator in future years. New providers can become eligible by paying each employee a base hourly wage that is at least the lowest base hourly wage paid by any provider of ground ambulance services to an employee in the respective class in the respective county.

- 3) **Fiscal and Policy Concerns.** The Assembly Health Committee analysis raised numerous concerns with this bill, including administrative workload and complexity, whether expansion of the “workforce adjustment” model is appropriate, and whether this bill is a priority given the state’s budget outlook and the ongoing General Fund costs it imposes.
- 4) **Related Legislation.** SB 525 (Durazo) establishes a \$25 minimum wage for covered health care employment for employees of health care facilities, as specified. SB 525 is pending in the Senate Committee on Appropriations.

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