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Solutions that Matter

Use of Medicaid Ambulance Supplemental Payment Program (ASPP) Funds: A National Survey

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Executive Summary

Current Medicaid reimbursement rates do not fully account for the actual costs incurred by Emergency Medical Services (EMS) providers for the provision of ambulance emergency transportation. EMS providers throughout the country are left to pursue alternative funding sources to supplement the shortfall between the true cost of providing ambulance transportation and current Medicaid reimbursement rates.

Ambulance Supplemental Payment Programs (ASPP) provide additional funding in addition to current Medicaid reimbursement and have proven to be critical funding sources for public EMS providers across the country. Unlike traditional federal grant programs for EMS providers, such as Staffing for Adequate Fire and Emergency Response Grants (SAFER) or Assistance to Firefighters Grants (AFG) Program, ASPP funds can be utilized by EMS providers on whichever initiatives they choose. This paper provides a cross-section of how ASPP funds are spent and their perceived importance to participating departments.

Background & Introduction

Since 2006, Public Consulting Group (PCG) has worked with the EMS provider community to increase Medicaid reimbursement to government-owned and operated EMS providers and state Medicaid agencies to administer ASPPs. PCG established the first EMS Medicaid supplemental payment program in Texas on behalf of the Austin-Travis County EMS Department, and since then, has supported over 550 EMS providers across 18 states with ASPPs to recover over **$1.8 billion** in supplemental Medicaid funding. To date, over 35 states have an active ASPP or are currently in the process of developing and implementing an ASPP, and interest continues to grow.

With increasing costs, revenue shortfalls, reductions in Medicaid enrollment volume, and a rapidly evolving federal alternative funding landscape, **understanding the impact of ASPP funds for participating departments is now more crucial than ever.**

Methodology

PCG distributed a 17-item survey to 625 agencies actively participating in ASPPs across 17 states. The survey gathered discrete data on agency characteristics, mechanisms for distributing supplemental payments, how supplemental payments are reinvested by departments, and perceptions of their importance. In addition to the structured questions, respondents were offered two optional narrative prompts to elaborate on the significance of supplemental payments for their communities and the impact of funding reductions. While PCG possesses substantial data on the total dollar amount of ambulance supplemental payments for its clients, there is limited information available contextualizing the impact of the payments. Specifically, our survey sought to understand how these funds are used, what they mean to departments, and the tangible consequences of reductions in ASPP funding.

Respondent Characteristics

- PCG received responses from 120 agencies across 15 states, with the largest proportion (16%) of responding agencies coming from Washington[i]

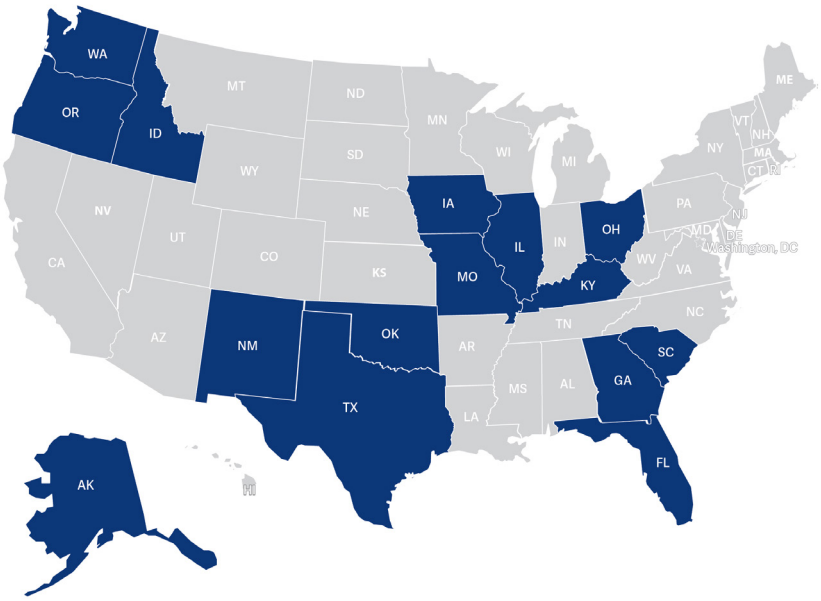

Figure 1: Responding States

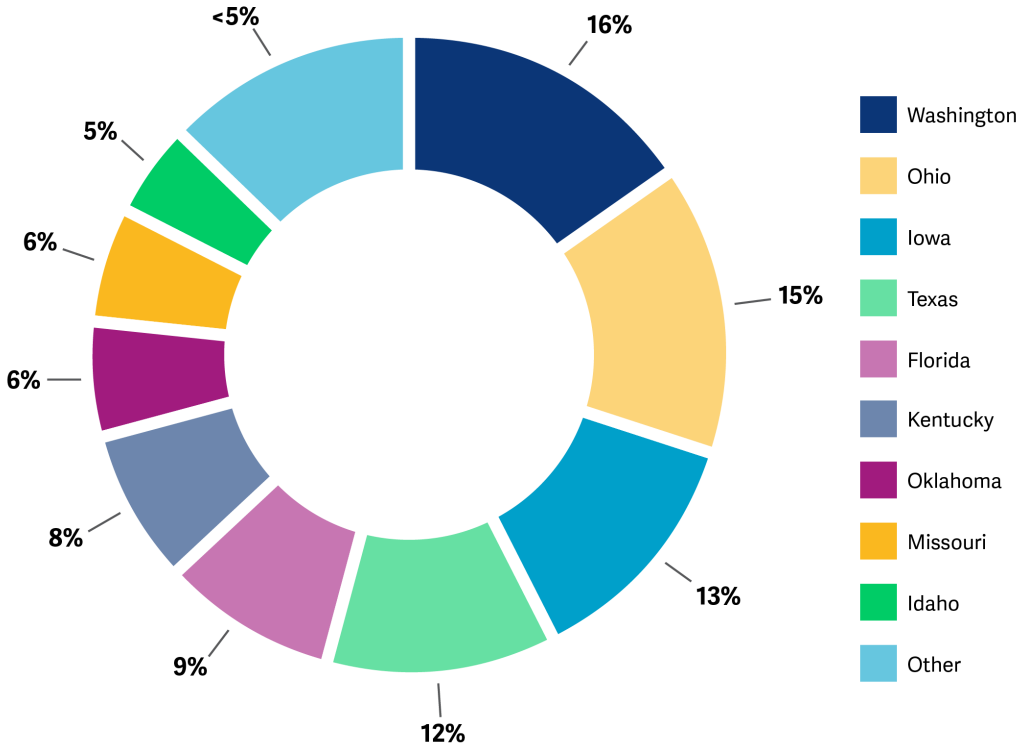

Figure 2: % of Responses by State[ii]

- 63% of responses were from fire-based EMS agencies, and 31% of responses were from third service (non-fire) EMS agencies. The remaining 6% did not specify their service delivery model.
- The most frequent Coverage Area Classification noted in the dataset was Rural with some Urban, followed by Suburban with some Rural, and Rural with some Remote.
    - **The majority of respondents serve rural populations**

Table 1: Coverage Area Classification

Coverage Area Classification	% of Responses
Rural with some Urban	24%
Suburban with some Rural	16%
Rural with some Remote	16%
Urban with some Suburban and/or Rural	13%
Rural Only	11%
Suburban with some Urban	9%
Urban Only	5%
Suburban Only	4%
Remote with some Rural	2%
Remote Only	1%

- Respondents had a median coverage area population of 22,431, and a median coverage area of 99 square miles. Median coverage area population density for respondents was 187 residents per square mile.

Table 2: Coverage Area Population, Size, and Population Density

	Coverage Area Population	Coverage Area (square miles)	Population Density (inhabitants per square mile)
Minimum	1,350	2	2
Maximum	430,000	4,600	4,167
Median	22,431	99	187

Use of Ambulance Supplemental Payments

It is generally accepted that EMS costs are increasing at a rate that is not adequately supported by commensurate increases in reimbursement from public and private payors. Recent national data[iii] indicate that the category most impacted by rising costs is supplies and equipment, with the next largest categories being apparatus acquisition and staff wages. The data collected in this survey demonstrates that ambulance supplemental payments are most frequently utilized as a critical resource to defray expenses in these cost categories. The section below provides an overview of how these funds are accessed, reinvested, and perceived by departments that benefit from them.

Disbursement and Control of Funds

- Most respondents (85%) report that supplemental payments are disbursed directly into the department's account, or disbursed to the municipality and then disbursed in full to the department.

- 55% of respondents report the department having complete control over how supplemental payments are spent, 17% report having some control, 16% report having significant control, and **11% report having little or no control.**
    - Of those that do not have complete control of funds, most report using annual budget requests as the process used for allocating funds back into the department for reinvestment.

Reinvestment of Funds

- Nearly **two-thirds** of respondents indicate budgeting for anticipated ASPP funding.

Departments reinvest supplemental payments in a variety of ways. The table below illustrates the most common areas of reinvestment reported by respondents.

Table 3: Reinvestment Category

Reinvestment Category	% of Responses
Supplies and Equipment costing less than $10,000	18%
New Capital Equipment costing $10,000 or more	14%
Capital Improvements (vehicles, equipment, or buildings)	13%
Staffing (Promotions and/or Increased Pay)	11%
Technology/Software Upgrades	9%
Staffing (New Positions)	9%
Employee Benefits & Wellness Programs	8%
Quality Improvement	7%
Funding for New Service Lines (i.e., Mobile Integrated Health, Community Paramedicine, etc.)	6%
Other/Have not yet received Ambulance Supplemental Payments	5%

Importance of Funds

- Over 90% of respondents indicate that ASPPs are either very important or **extremely important for the continued operation of their department**

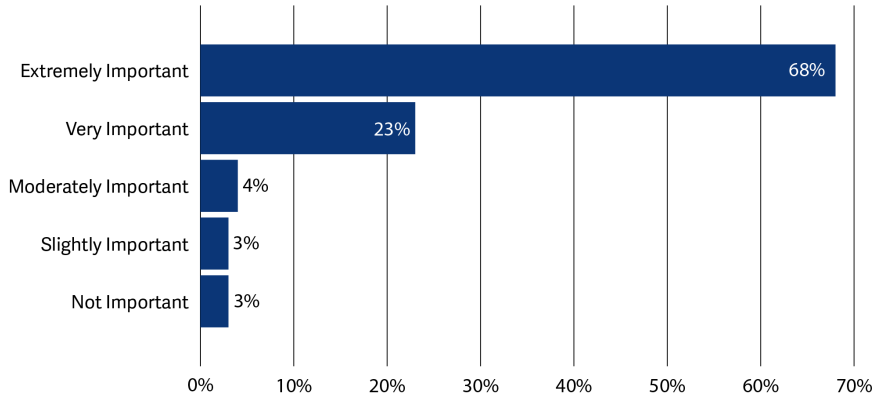

Figure 3: Importance of Funds

The survey included two optional narrative response questions on the importance of ASPP payments. The text of these questions is included below:

1. Please tell us why Medicaid Ambulance Supplemental Payments are important to your department and community.

2. Please tell us how a significant reduction in Medicaid Ambulance Supplemental Payments would impact your department and community

In response to the narratives above, providers consistently emphasize that ASPP funding is a critical resource for bridging financial barriers posed by increasing costs and revenue shortfalls. While some departments may use these payments to fund new positions, improve quality, or acquire new assets, these funds are most critical to **maintaining existing operations and delaying tax increases.** These themes are summarized below in a selection of narratives submitted by participating respondents.

MAINTAINING EXISTING OPERATIONS

"Without the supplemental payments, we would be operating considerably in the red, forcing either a halt to services or a significant increase in taxpayer assistance. This would result in other services to the community ceasing operations since there is only so much money to go around."

"Medicaid does not pay us what it costs us to transport a patient. Because our reimbursements fall short, we rely on the taxpayers for nearly 50% of our budget. Our collection is not keeping up with our increased costs. These supplemental payments help to boost our collections, delaying us for a short bit from having to ask for a tax increase."

"We are a smaller city, with only one fire station, providing EMS services for our entire community. Without the assistance of Medicaid Ambulance Supplemental Payments to offset the costs of running a fire department, the quality of service we are able to provide would be exponentially impacted. Currently, our department is already understaffed due to budget constraints and limited funding sources. Without the assistance of programs like this, departments such as ours, would not be able to purchase necessary day to day items to keep our station running."

"…I can't stress enough how important these are to keeping EMS and other city services in operation. With a tight city budget, many necessary city services would be sacrificed to the detriment of the community. Until a funding model like the fire service is found, EMS will always be considered one of the first cuts

municipalities will target when money gets tight. We owe our citizens and our EMS professionals more. We can't keep working these people into the ground and expecting to solve the staffing crisis."

EXPANSION, ACQUISITION, AND IMPROVEMENT

"GEMT revenues create opportunities for our department to expand our services to improve and maintain the overall quality of life within our community. With these revenue resources, we directly support our EMS program with training and equipment improvements, we support our responders by investing in a formalized health and wellness program to equip them with tools to mitigate the stresses of their work, we support our volunteer recruitment and retention program to provide an adequate number of responders, we fund improvements and maintenance of our technical rescue program to reduce the reliance on out of area resources to reach, treat and extricate people in danger, we support our prevention and education programs that are aimed to reduce the occurrence of death, injury and damage from all causes, plus more! Without these additional resources, our community does not have the capability to fund department programs and services beyond basic incident response."

"Medicaid Ambulance Supplemental Payments are critical to our department and the community we serve. These funds allow us to purchase essential supplies and equipment that would otherwise be unattainable within our regular budget. Additionally, they enable us to invest in public relations and educational materials for community outreach—items that cannot be funded through standard County resources."

"A significant portion of the supplemental payments are directed toward acquiring high-dollar medical equipment. These investments directly enhance our ability to provide high-quality patient care, ensuring that our community receives the best possible emergency medical services."

Threats to ASPPs and Practical Implications of ASPP Reduction

A recent challenge regarding alternative funding is the passage of 2025 H.R. 1, the "One Big Beautiful Bill Act (OBBBA), which has raised many questions and concerns regarding the impact on Medicaid and supplemental reimbursement. While H.R. 1 does not specifically reference ASPPs, the two key components that could impact EMS reimbursement for some EMS providers throughout the country are **Provider Taxes** and **State Directed Payments**.

In states where EMS **Provider Taxes** are used to draw down additional federal funds for EMS providers, a phase-down schedule will begin in federal fiscal year 2028 (FY28). Provider tax rates will decrease from a maximum of 6 percent to 3.5 percent of net patient revenue over 5 years (0.5% per year) through FY32. The provision regarding **State Directed Payments** reduces the cap on supplemental payments to certain provider types that states direct their Medicaid managed care organizations (MCOs) to make. However, this section does not explicitly include or reference EMS as an applicable provider type.

In addition to the federal activity outlined above, in certain instances, programmatic and operational changes have been implemented at the state level. Some of this state-level guidance has resulted in significant reductions in ASPP funding for participating providers. The quotes included below outline general provider sentiment in reaction to state-level guidance reducing ASPP payments.

> "We lost 88% of our funding. The new amount ONLY covers a portion of the two EMS staff we hired when our funds were 100%. It does not cover ANYTHING else including equipment or cancer exams since the funds were drastically reduced."

> "The amount that has been paid to us has been reduced each year significantly, even though our response levels continue to increase along with expenses. With lessening property tax funds and a slowing economy, every little bit helps."

> "This year it is going to affect us quite a bit because it was such a large reduction. The city has even explored bringing in a third-party company to provide the service. As a municipality, having these programs available is a necessity due to very few revenue streams for emergency services."

> "It's already been reduced every year to a point that submitting may not be worth the time and effort."

We referenced these observations to highlight the negative impacts that ASPP funding reduction can have on providers across a given state. While no current ASPPs are set to end, providers should be prepared for further scrutiny of existing ASPPs that come in the form of programmatic changes, whether driven at the federal or state level.

Conclusion & Recommendations

Medicaid reimbursement rates for medical transport services consistently fall short of covering the actual costs incurred by providers, placing a significant financial strain on departments nationwide. Since 2006, **PCG has supported over 550 government-owned and**

operated EMS providers in securing more than a billion dollars in Medicaid ASPP funds. Providers reinvest these funds to maintain current operations, avoid service disruptions, and delay tax increases. **Over 90%** of survey respondents indicated that ASPPs are either very important or **extremely important to the continued operation of their departments**. Medicaid supplemental payments are not a discretionary bonus for participating departments; they are an **essential lifeline that providers rely upon to remain solvent**.

In states where ASPP reductions have occurred, providers report appreciable consequences, including staffing shortages, barriers to replacing equipment, and the potential for privatization of service delivery. For many agencies, a reduction in ASPP funding is synonymous with a decision between discontinuing services and placing additional financial burden on an increasingly strained tax base. **Sustainable funding through robust ASPPs is not just a fiscal necessity; it is imperative to public health**.

To ensure the sustainability of EMS services, it is recommended that states without ASPPs collaborate with subject matter experts like PCG to pursue program development, implementation, and ongoing administration. States with existing programs should take action to expand program participation and maximize financial benefit to all participants. Because each state's ASPP is unique, it is advisable that stakeholders in states with both recent and long-standing programs engage subject matter experts to assess whether their program model captures all relevant claims and leverages the most beneficial upper payment limit calculation for their provider population.

About Us

Public Consulting Group LLC (PCG) is a leading public sector solutions implementation and operations improvement firm that partners with health, education, and human services agencies to improve lives. Founded in 1986, PCG employs approximately 2,000 professionals throughout the U.S.—all committed to delivering solutions that change lives for the better. The firm is a member of a family of companies with experience in all 50 states, in Canada, and in Europe. PCG offers clients a multidisciplinary approach to meet challenges, pursue opportunities, and serve constituents across the public sector. To learn more www.publicconsultinggroup.com

About the Authors

James Cairns, MPH, is a Consultant in the PCG Health Practice Area based in Cleveland, OH, with extensive experience working on healthcare finance projects, including ASPP. His project portfolio at PCG includes revenue optimization and cost reporting through Medicaid cost settlement as well as operations management, inpatient hospital quality, rate setting, and strategy. Mr. Cairns has worked on behalf of individual governmental EMS agencies in Florida, Ohio, Texas, and Washington, and acts in a statewide project management and oversight capacity for the Massachusetts Ambulance Certified Public Expenditure Program. He also manages data collection, review, and site audits for the Colorado Hospital Quality Incentive Payment (HQIP) Program. Prior to joining PCG, Mr. Cairns worked in legal epidemiologic research investigating the intersection between Medicaid policy and health outcomes. His publications include peer-reviewed articles on coverage and outcomes related to podiatric care and infant health risk factors.

Miles Brown, MBA, is a Senior Consultant based in Charlotte, NC, who serves several projects that support state and local health agencies in improving their fiscal operations. Mr. Brown contributes to revenue maximization engagements for governmental ambulance service providers participating in the Texas Ambulance Supplemental Payment Program (ASPP), Colorado EMS Supplemental Payment, Maryland Emergency Service Transporter Supplemental Payment Program (ESPP), New Mexico Emergency Ground Ambulance Services (EGAS) Program, and the Iowa Ground Emergency Medical Transportation (GEMT) Program. He works closely with some of the State's largest providers, assisting with the preparation of annual cost reports and other key deliverables. Mr. Brown has also served in a project support capacity for School-Based Services initiatives serving public school districts throughout the entire State of Wisconsin. Mr. Brown's most recent accomplishments include serving as the cost reporting lead for public ambulance providers in 6 different states.

Katelyn Milkiewicz is an MPH student and Intern in the PCG Health Practice Area based in Austin, TX. Ms. Milkiewicz has experience providing ASPP support in several states, including Florida, Georgia, Idaho, Illinois, Iowa, Kentucky, New Mexico, Ohio, Oklahoma, South Carolina, Texas, Washington, and Wisconsin. In addition to her work assisting EMS providers, she has provided programmatic support on the Colorado Hospital Quality Incentive Payment (HQIP) Program.

Endnotes

[i]The Washington Ground Emergency Medical Transport (GEMT) Program was approved by CMS in July of 2017, and has since drawn down over $500m in ambulance supplemental payments for 100+ participating providers partnered with PCG.

[ii]Data labels excluded for states representing <5% of total responses

[iii]https://naemt.org/docs/default-source/ems-data/ems-economic-and-operational-models-survey-02-20-2023-final.pdf?sfvrsn=1fb9f493_2