

# Fair Market Value (FMV) Resources for Ground Ambulance Services

Following is an overview of three resources that may be helpful when determining the FMV of ground ambulance services purchased by a client for its patients when the client is reimbursed for care under an all-inclusive payment system that includes ground ambulance services.

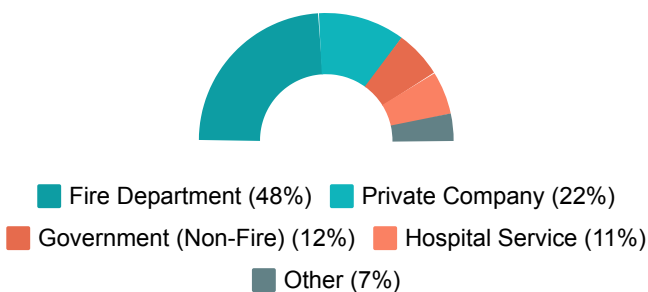
**1. Medicare's Ambulance Fee Schedule:** Medicare pays for ground ambulance services using a dedicated fee schedule. The schedule has seven payment categories and two components: a base payment and a mileage payment, which are summed together and geographically adjusted. The table below provides an example of Medicare rates for ground ambulance services in one community.

Name	HSPCS Code	Base Rate	Loaded Mileage (A0425)
BLS Nonemergency	A0428	\$228.75	\$7.37
BLS Emergency	A0429	\$336.01	\$7.37
ALS Nonemergency	A0426	\$274.50	\$7.37
ALS Emergency Level 1	A0427	\$434.63	\$7.37
ALS Emergency Level 2	A0433	\$629.07	\$7.37
Specialty Care Transport	A0434	\$743.45	\$7.37
Paramedic ALS Intercept	A0432	\$400.32	\$7.37

Is Medicare business profitable for ambulance providers? According to a 2012 GAO Report, yes. The median Medicare margin was about +2 percent in 2010 (meaning that providers' Medicare payments per transport exceeded their overall costs per transport). Some providers reported Medicare margins as high as +9 percent.

**2. Ambulance Provider Online Price Lists:** The ambulance services system in the U.S. is a hodgepodge of private and public providers (see graph below). Many of these providers publish their price lists for ground ambulance services online.

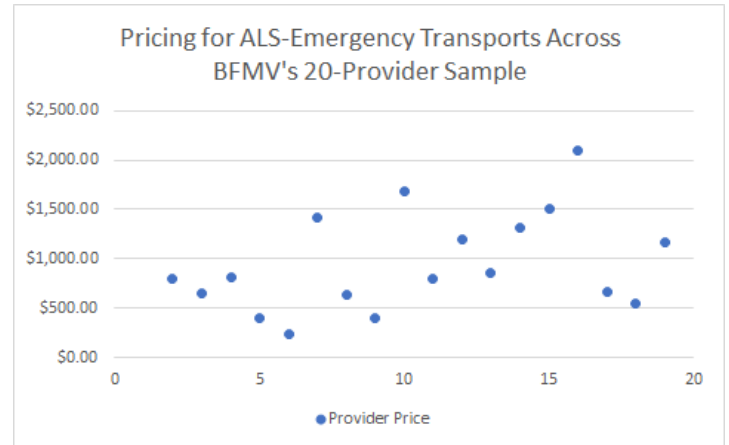
## U.S. AMBULANCE PROVIDERS BY TYPE



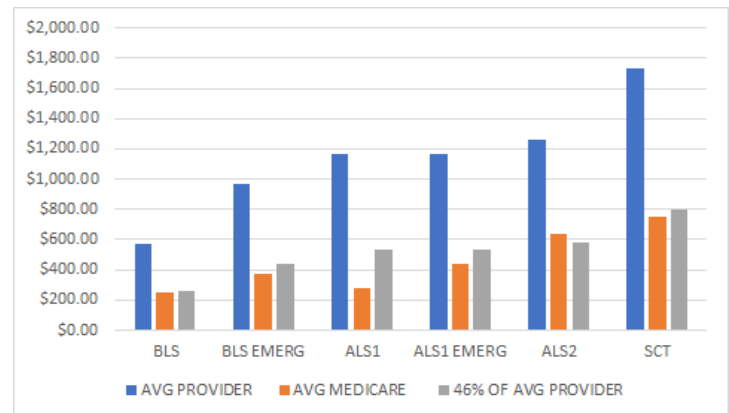
BFMV found online price lists for 20 different ambulance providers across the U.S. Prices ranged from \$250 to \$2,000 for the same service. The huge differences are in part due to varying collection success market to market. BFMV's research of ambulance service audits and performance reviews indicates a 46% average collection rate (i.e., % of gross revenues collected before any adjustments).

Sources:  
 • United States Government Accountability Office (GAO), October 2012, *Ambulance Providers Costs and Medicare Margins Varied Widely*  
 • [https://www.ems.gov/pdf/2011/National\\_EMS\\_Assessment\\_Final\\_Draft\\_12202011.pdf](https://www.ems.gov/pdf/2011/National_EMS_Assessment_Final_Draft_12202011.pdf)

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Prices charged by the 20 ambulance providers were, on average, more than 2 times what Medicare pays. However, as shown in the table below, adjusted to reflect a 46% collection rate, the prices were similar to Medicare's.



**3. Ambulance Provider Cost Data:** The Bipartisan Budget Act of 2018 requires the development of a data collection system for cost and financial data from ambulance service providers. CMS will start collecting and reporting data in 2020. Past studies have shown that providers' cost per transport varies widely. The GAO study reported median cost per transport of \$429, with a range of \$224 to \$2,204 per transport. Higher volume of transports, higher proportions of non-emergency transports, and lower government subsidies were associated with lower costs. Given major differences in provider cost structures, we anticipate CMS cost data will help appraisers better pinpoint FMV and economically justified (i.e., commercially reasonable) rates.

**How to Use the Resources:** Assuming FMV is indicated by cost plus a reasonable profit margin, we believe Medicare reimbursement rates will likely be FMV in many markets across the U.S. Adjusted ambulance provider prices and soon-to-be-available cost data are additional resources that appraisers can use to develop an FMV opinion for ground ambulance services.