Medicare Ground Ambulance Data Collection Instrument: Allocating Expenses and Revenue

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Overview

- Today’s session covers approaches to allocate expenses and revenue for the purposes of reporting information to the Medicare Ground Ambulance Data Collection System (GADCS).
- While everyone is welcome to listen in and participate, this session will be most relevant to ground ambulance organizations that:
  - Are fire, police, and other public safety department-based
  - Are operated by municipal governments
  - Are Medicare providers of services (e.g., hospitals)
  - Provide other services (e.g., non-medical transport, community paramedicine, air ambulance, other medical services, etc.)
  - Are operated by a broader “parent organization” billing under multiple National Provider IDs (NPIs)
Agenda

1. Allocation basics
2. General allocation steps
3. Section-by-section suggestions
4. Recap and resources
Allocation Basics
The scope of GADCS is limited to *ground ambulance* costs and revenue.

- We refer to divvying up expenses/revenue as “allocation”
- The ground ambulance share (“?%”) is called the “allocation factor”
Organizations Allocating Incorrectly Will Report Inaccurate Information

For an organization with this breakdown of expenses:

- Entirely Ground Ambulance-Related
- Entirely Fire Dept.-Related
- Shared

Reporting total expenses or all shared expenses as part of ground ambulance expenses biases reported expenses upward.

Excluding shared expenses from reported ground ambulance expenses biases reported amounts downward.

OR
Allocating Expenses and Revenue: Conceptually

**Ground Ambulance Expense Examples**
- Ground ambulances
- Medication and medical supplies
- Paramedics without firefighter role
- Billing

**Entirely Ground Ambulance-Related**

**Entirely Fire Department-Related**

**Shared Expense Examples**
- Dispatch
- Fire trucks used in medical responses
- General administration like HR, finance, legal, and office management
- Facilities like garages with fire & ambulance use

**Fire Expense Example**
- Fire training
- Asst. fire chief without ambulance duties
- Fire/rescue equipment not used in medical responses
General Allocation Steps
Allocating Expenses and Revenue: Practical Steps

1. Review GADCS questions and instructions
2. Identify which expense/revenue amounts must be allocated
3. Choose and apply data-driven allocation approaches
4. Decide how to report the information via the GADCS
1. General Survey Instructions
2. Organizational Characteristics
3. Service Area
4. Emergency Response Time
5. Ground Ambulance Service Volume
6. Service Mix
7. Labor Costs
8. Facility Costs
9. Vehicle Costs
10. Equipment, Consumable, and Supply Costs
11. Other Costs
12. Total Cost
13. Revenues

Where applicable:
- Allocate hours worked
- Allocate expenses
- Allocate revenue

- You can find the complete instrument instructions and questions here
- Your organization may not need to allocate every response in these sections
Identify which amounts must be allocated

Illustrative Examples:
Government Fire Department-Based Ground Ambulance Organization

Section 7 (Labor Cost) Hours Worked

- EMT/Responders
  - Paramedic (not firefighter)
    - Admin./Facilities: Full-time Medical Biller
      - Entirely in GADCS Scope (Included in full)
  - Firefighter/EMT
    - Office Manager
      - Partially in GADCS Scope (Allocate)
- Firefighter (not EMT)
  - Asst. Fire Chief of Fire Ops.
    - Out of GADCS Scope (Excluded entirely)

Section 8 (Facilities) Annual Costs of Ownership

- Garage 1
  - Billing Office
    - Entirely in GADCS Scope (Included in full)
  - Partially in GADCS Scope (Allocate)
- Garage 2
  - Out of GADCS Scope (Excluded entirely)

Section 13 (Revenue)

- Transport Contract
  - Entirely in GADCS Scope (Included in full)
- Earmarked Tax Rev.
  - Partially in GADCS Scope (Allocate)
- Fire Grant
  - Out of GADCS Scope (Excluded entirely)
Choose and apply data-driven allocation approaches

The GADCS ensures flexibility for organizations to choose their allocation method which can vary by Section and Question.

<table>
<thead>
<tr>
<th>Expense</th>
<th>Potential Allocation Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firefighter/EMT labor hours</td>
<td>Medical responses as a share of total responses</td>
</tr>
<tr>
<td>Garage annual costs of ownership</td>
<td>Ambulance square footage as a share of total square footage</td>
</tr>
<tr>
<td>Fire truck annual costs of ownership</td>
<td>Ground ambulance responses with a fire truck deployed as a share of total fire truck responses</td>
</tr>
<tr>
<td>Non-medical equipment depreciation expense</td>
<td>Ground ambulance hours worked as a share of total hours worked</td>
</tr>
</tbody>
</table>
Choosing specific allocation approaches

There are several approaches to allocation

• Some approaches are generally preferable to others. Consider allocation approaches that are:
  – Based on data rather than a guess
  – Explainable, if someone were to ask you how you developed your specific approach
  – As closely linked to the time, expense, or revenue to be allocated as possible

• Collecting data in a way that directly aligns with the GADCS instructions is always preferable to allocation.
  – Some organizations changed the way they record data prior to the start of data collection
  – Others may change mid-stream and can allocate a partial year
Consider alternatives and GADCS scope before locking down your approach
Decide how to report the information via the GADCS

You can use the easier of two options to report information via the GADCS.

**OPTION 1:**
Report total amount and ground ambulance share separately

- **Total Expenses:** $100,000
- **% Ground Ambulance:** 70%

**GADCS calculates $100,000 * 70% = $70,000**

**OPTION 2:**
Calculate a ground ambulance amount yourself:
*(Total Expense * % related to ground ambulance operations)*

- **Ground Ambulance Expense:** $70,000
- **% Ground Ambulance:** 100%

**GADCS uses the expense as provided:**
*$70,000*

Use Option 1 if you don't have a preference.
GADCS Instrument Section-by-section Suggestions
Section 7: Labor Allocation

• For each staff category, organizations need to separate hours for staff into the following categories:
  
  ![Diagram showing the calculation of total hours](image)

  - Hours related to ground ambulance services
  - Hours related to public safety duties (if applicable)
  - Hours related to all other duties (if applicable)

  Total Hours

• Dividing hours requires using some type of allocation method.
Section 7 Example

• CMS FD is a fire department-based ground ambulance organization employing the following EMS/Response staff:
  – 2 paramedics who only deploy on the ambulance
  – 2 firefighters who are not EMTs but deploy on the fire truck for some responses where an ambulance is also deployed
  – 2 firefighter/EMT-Basics riding on the ambulance or firetruck

  • **Potential allocation factor 1:** Share of responses involving these staff where medical care is provided
  • **Potential allocation factor 2:** Share of responses involving these staff where the ride on the ambulance rather than fire truck
  • **Potential allocation factor 3:** Ratio of direct ambulance (labor, ambulance, equipment) expenses to total expenses
### Assume the organization arrives at an allocation factor of 40% for the two firefighter/EMTs

<table>
<thead>
<tr>
<th>Staff Category</th>
<th>Total hours worked annually for paid EMT/response staff</th>
<th>Total hours worked annually related to ground ambulance operations</th>
<th>Total hours worked annually related to fire, police, or other public safety operations</th>
<th>Hours worked annually related to all other responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paramedic, without role supporting fire, police, and/or other public safety operations</td>
<td>4,160 total hours worked (2 staff at 2,080 hours each)</td>
<td>4,160 hours related to ground ambulance</td>
<td>N/A</td>
<td>0 hours related to other responsibilities</td>
</tr>
<tr>
<td>EMT – Basic, with role supporting fire, police, and/or other public safety operations</td>
<td>4,160 total hours worked (2 staff at 2,080 hours each)</td>
<td>4,160 total hours worked * 40% ambulance responsibilities = 1,664 hours</td>
<td>4,160 total hours worked * 60% fire responsibilities = 2,496 hours</td>
<td>0 hours related to other responsibilities</td>
</tr>
</tbody>
</table>
Section 8.1, Question 3: Fire Department Example

Facility 1: Garage

Space allocation method: In this facility, ambulance operations account for ~25% of space and fire operations account for ~75% of space.

Facility 2: Administrative Building

Response allocation method: All rooms in this building are used for both ambulance and fire operations. The organization reports 70% of the space is ground ambulance related because ~70% of responses were medical (vs. ~30% fire).
Section 8.1, Question 3: Hospital Example

**Facility 1: Hospital**

- **Hospital**: 10,000 sq. ft. total
- **Billing Offices**: 2,000 sq. ft. (~5% of bills are for ground ambulance services)
- **Ambulance Services Office**: 1,000 sq. ft.

In this facility, ambulance operations account for 1,100 sq. ft. of the hospital (1,000 + 2,000 * 0.05 = 1,100) and account for 11% of the total hospital square footage.

**Facility 2: Garage**

- **Garage**: 5,000 sq. ft.

The ambulances for this organization are kept in a separate garage that does not share any space with non-ground ambulance services. They list the facility as 100% ground ambulance related.
Section 9: Vehicles

• Section 9, Vehicles, has two allocation questions:
  – Section 9.2, Other Vehicle Costs
    • This section asks organizations to report the share of each vehicle’s miles travelled related to ground ambulance services
  – Section 9.3, Other Costs Associated with Vehicles
    • This section asks organizations to report the share of maintenance and fuel attributable to the following:
      » Ground Ambulances: (Enter Percent)
      » Fire Trucks: (Enter Percent)
      » Land Rescue Vehicles: (Enter Percent)
      » Water Rescue Vehicles: (Enter Percent)
      » Other Vehicles responding to emergencies (but not designed to transport patients): (Enter Percent)
      » Other Vehicles: (Enter Percent)
    • Organizations can use any of the methods outlined above to calculate this percentage, or use something such as miles travelled related to ground ambulance services
## Section 10: Details on Categories and Allocation

<table>
<thead>
<tr>
<th>Reporting Category</th>
<th>Examples</th>
<th>Allocation Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Medical Equipment</td>
<td>Defibrillators, ventilators, monitors</td>
<td>100% ground ambulance-related for most public safety organizations</td>
</tr>
<tr>
<td>Medications</td>
<td>Epinephrine, morphine, naloxone</td>
<td>100% ground ambulance-related for most public safety organizations</td>
</tr>
<tr>
<td>Other medical equipment, supplies, and consumables</td>
<td>Bandages, gauze, blood pressure cuffs</td>
<td>100% ground ambulance-related for most public safety organizations</td>
</tr>
<tr>
<td>Capital non-medical equipment</td>
<td>Computers, photocopier</td>
<td>If shared by ground ambulance and public safety operations, report total cost with an estimated percentage related to ground ambulance services</td>
</tr>
<tr>
<td>Uniforms</td>
<td>Shirts, pants</td>
<td>If ground ambulance staff has separate uniforms, can report only those costs and list 100%. Otherwise, allocation is required</td>
</tr>
<tr>
<td>Non-medical supplies</td>
<td>Paper, paperclips, coffee supplies</td>
<td>Same as instructions for “capital non-medical equipment”</td>
</tr>
</tbody>
</table>
Section 10.1, Question 1 Example

Background: This hospital-based provider organization purchased two pieces of capital medical equipment used by its ground ambulance operations: a power lift and a transport ventilator. The power lift costs $6,000 and is used exclusively by ground ambulance operations. The transport ventilator costs $5,000 and is used by the hospital for transports within the hospital but is sometimes signed out by the ground ambulance organization for interfacility transports. They estimate that 90% of the time it is used for transports within the hospital and 10% for interfacility transports.

Calculations

Option 1: $6,000+$5,000 x 0.10=$6,500
Option 2: $6,000+$5,000=$11,000
$6,500/$11,000=0.59

<table>
<thead>
<tr>
<th>Option</th>
<th>Reporting Category</th>
<th>Total Cost</th>
<th>% Related to Ground Ambulance Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Capital medical equipment</td>
<td>$6,500</td>
<td>100%</td>
</tr>
<tr>
<td>Option 2</td>
<td>Capital medical equipment</td>
<td>$11,000</td>
<td>59%</td>
</tr>
</tbody>
</table>
### Section 10: Alternative Acceptable Allocation Methods

<table>
<thead>
<tr>
<th>Staffing</th>
<th>Reporting Category</th>
<th>Total Cost</th>
<th>% Related to Ground Ambulance Operations</th>
<th>Allocation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 EMTs, 10 firefighters</td>
<td>Uniforms, Option 1</td>
<td>$300</td>
<td>100%</td>
<td>All costs assumed to be related for the 10 EMTs</td>
</tr>
<tr>
<td>10 EMTs, 10 firefighters</td>
<td>Uniforms, Option 2</td>
<td>$600</td>
<td>50%</td>
<td>Allocated using the share of EMT staff to firefighters</td>
</tr>
<tr>
<td>5 EMTs, 10 EMT/firefighters, 5 firefighters, and 80% of responses ground ambulance</td>
<td>Uniforms</td>
<td>$390</td>
<td>100%</td>
<td>100% for the five EMTs (5@$30=$150) and 80% for the ten EMT/firefighters (10@$30 = $300, and 80% of $300 is $240). The reported $390 is $150+$240.</td>
</tr>
</tbody>
</table>
Section 11, Question 4: Example Response

**Background:** This police-based organization noted that they had the expenses listed below. This organization pays separate annual dues to an ambulance ($30) and law enforcement ($60) professional organization. They hosted one meeting to discuss a new ambulance policy that was attended by only ground ambulance organization staff costing $3,000. They held a staff appreciation event for their whole organization that cost $1,000. Their percentage of responses are 75% police-related and 25% ground ambulance-related.

### Event/meeting costs calculations:
- $3,000 + ($1,000*0.25) = $3,250 total cost related to ground ambulance
- $3,000 + $1000= $4,000 total cost of events
- $3,250/$4,000=0.81 (81%) costs attributable to ground ambulance services

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Expense</th>
<th>What % of Expense is Attributable to Ground Ambulance Services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization dues, subscriptions</td>
<td>$30</td>
<td>100%</td>
</tr>
<tr>
<td>Event / meeting costs (including meals)</td>
<td>$4,000</td>
<td>81%</td>
</tr>
</tbody>
</table>
Section 13, Question 5: Example Response

**Background:** This hospital-based ambulance organization reported receiving revenue from the four sources listed below. They received a $10,000 state grant specifically for a pilot program to deliver ground ambulance services. They received charitable donations, with 20% earmarked for ground ambulance-related services. The hospital has a contract with a local nursing home and its accounting department attributes $20,000 of this revenue to ground ambulance services.

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Revenue</th>
<th>What % of Revenue is Attributable to Ground Ambulance Services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special-purpose grants (generally state)</td>
<td>$10,000</td>
<td>100%</td>
</tr>
<tr>
<td>Charitable donations</td>
<td>$2,000</td>
<td>20%</td>
</tr>
<tr>
<td>Contracts from facilities (e.g., hospitals, nursing homes, prisons, businesses)</td>
<td>$20,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
Question and Answer Session