

PRELIMINARY REPORT: Medicaid Reimbursement Under CARES Programs

LEGISLATIVE AUDITOR'S CONCLUSION:

The Health Care Authority's reimbursement standards for CARES are unlikely to generate additional savings for the state Medicaid program because they overlap with an established federally funded program.

January 2020

Fire departments can operate CARES programs to serve local residents

Since 2013, statute has allowed fire departments to establish Community Assistance Referral and Education Services (CARES) programs. While the local programs vary, they generally aim to identify residents who use the 911 system or emergency departments for nonurgent care and connect them with other health care professionals, low-cost medication programs, and social services. Community paramedicine¹, which is one approach to CARES, is part of Medicaid Transformation.²

2017 Legislature directed Health Care Authority (HCA) to develop reimbursement standards for CARES services provided to Medicaid clients

In 2017, the Legislature directed the Health Care Authority (HCA) to develop standards to reimburse fire departments for health care services they provide to Medicaid clients through a CARES program. The law allows HCA to determine which services it will reimburse.

The HCA met with stakeholders and reviewed Medicaid reimbursement standards for similar programs in other states. Using Arizona as a model, HCA developed standards it calls "treat and refer," which took effect on July 1, 2019. The reimbursement is limited to services provided to clients who call 911³ and whose condition does not require ambulance transport to an emergency department. Such services may be reimbursed at the basic life support⁴ rate through a mix of state and federal dollars.

¹Nonurgent care, referrals, and education provided in home or community settings.

²An agreement with the federal government that allows the state's Health Care Authority to test new approaches to providing health coverage and care.

³Or similar emergency dispatch number.

⁴A level of care that justifies use of ambulance transportation but requires only basic medical treatment skills from the ambulance crew.

Law directs JLARC to recommend repealing the reimbursement standards if they do not result in cost savings for the state

The 2017 Legislature also directed JLARC staff to review the cost-effectiveness of the program (E2SHB 1358, Ch. 273, Laws of 2017). If the reimbursement standards do not result in savings for the state's Medicaid program, the Legislature directed JLARC to recommend that the reimbursements be repealed. The statute that permits CARES programs would not be affected by the repeal of the Medicaid reimbursement.

HCA's reimbursement standards overlap with a previously established federally funded program and are unlikely to result in additional cost savings for the state

The reimbursement standards are unlikely to result in savings to the state's Medicaid program for the reasons described below. Further evaluation of the effect of the reimbursements (e.g. actuarial analysis) is unlikely to conclude otherwise.

Many fire departments are partially compensated for treat and refer services under a separate program that is paid from federal funds

This program, known as Ground Emergency Medical Transportation (GEMT), is administered by HCA and pays for at least 50% of a department's costs that are not reimbursed by other sources. Unlike CARES, this program is paid entirely from federal funds. HCA acknowledges that the CARES reimbursement standards provide little additional funding to the fire departments compared to the amount they would receive under GEMT.

Achieving cost savings to the state's Medicaid program would require growth in CARES programs, but few fire departments are expected to participate

Before the standards took effect, some fire departments had already provided CARES programs at their own cost. In order to achieve new savings to the state Medicaid program, CARES programs and services would need to:

1. Result in savings (e.g. avoided emergency department visits) that exceed the total cost to reimburse participating fire departments. These savings must be the result of CARES programs rather than GEMT or other factors.
 - o HCA has estimated that the CARES reimbursement standards will increase combined state and federal Medicaid expenditures by \$3.8 million in fiscal year 2019. The portion of these expenditures that will be covered by the state depends on client eligibility and can range from zero to 50 percent. Federal funding for GEMT was not included in the estimated expenditures.
2. Grow beyond the level that existed when the standards took effect. This could include both new programs and an expansion of existing programs.

- As of December 16, 2019, six fire departments had enrolled to receive reimbursement for CARES services. These departments state that the additional funding from CARES reimbursement, while minimal, is important to them. Due to the existence of GEMT, HCA does not expect participation in CARES reimbursement to increase significantly.

Legislative Auditor Recommendation

Because the Health Care Authority's (HCA's) current approach to Medicaid reimbursement for CARES is unlikely to yield cost savings, the Legislature should consider repealing or revising the statutory direction for reimbursement.

- If cost savings to the state are the only consideration, the Legislature should repeal the CARES reimbursement standards. However, there may be other factors to consider, such as providing funding to local fire departments.
- If the Legislature wants to increase the likelihood for cost savings to the state, it could direct HCA to create standards that do not overlap with other programs in order to provide more incentive for fire department participation and emergency room avoidance.

You can find additional information on the Recommendations tab.

REPORT DETAILS

1. CARES programs are operated by fire departments

Fire departments can operate CARES programs to serve local residents

CARES programs existed before the Health Care Authority's reimbursement standards

Since 2013, statute has allowed fire departments to develop Community Assistance Referral and Education Services (CARES) programs to “provide community outreach and assistance to residents of its jurisdiction to improve health and advance injury and illness prevention.” (RCW 35.21.930)

- **This statute's definition of "fire department" includes** fire departments, fire protection districts, regional fire protection service authorities, public hospital districts, federally recognized Indian tribes, and other public providers of emergency medical services.
- A CARES program can serve anyone in the community. It is not limited to Medicaid clients.

Per statute, a CARES program:

- **Must** measure reduction in repeated use of 911, reduction in avoidable emergency department visits, and estimated Medicaid savings.
- **Should** identify members of the community who use 911 or emergency departments for nonemergency or nonurgent calls and connect them to other providers or services.
- **May** partner with hospitals to reduce readmissions.
- **May** provide nonemergency contact information as an alternative to the 911 system.

Fire departments report that they pay for these programs with their own resources, grants or private gifts. Two sources of Medicaid funding also may cover some costs and are the focus of this report.

Fire departments can develop a CARES program to meet local needs

JLARC staff identified 12 CARES programs across the state, and there are likely more. Each fire department designs its own CARES program to meet the needs of its community members. For example, the following fire departments described the services their programs offer:

- **Port Angeles Fire Department** works with community partner agencies to identify people who need assistance with managing a chronic disease or medications, are known to use the emergency department frequently, have recently been discharged from the hospital, or are otherwise at risk. The department aims to guide these individuals to appropriate services instead of the 911 system and emergency department. The department is participating in HCA's treat and refer reimbursement.
- **Prosser Memorial Health** paramedics receive referrals from health care providers and meet the person in their home or by phone. During the visit, the paramedic may do a focused physical assessment, check vital signs and medications, assess living conditions, review discharge instructions, and ensure follow-up appointments are made. Other services include disease/condition education and referrals to social services. The department is participating in HCA's treat and refer reimbursement.
- **South Snohomish County Fire & Rescue** schedules visits with frequent 911 callers. A specially-trained community paramedic meets with the person in their home for about 90 minutes, assesses the needs, and refers the person to other services including home health care. They also conduct a home-safety survey. According to the agency, it works with partners from service organizations, state agencies, and hospitals to identify resources. The model is based on the approach used in Minnesota. The department is not participating in HCA's treat and refer reimbursement.
- **Spokane Fire Department** works with Eastern Washington University students who are majoring in social work. The students work as interns through the school year and conduct in-home social service needs assessments. The interns advocate for these clients and connect them to community resources. The Spokane Fire Department is currently not participating in HCA's treat and refer reimbursement. The department reports that its license does not meet HCA's requirements in WAC.

Community paramedicine is one approach to CARES and part of Medicaid Transformation

Some CARES programs include community paramedicine services. These services typically include nonurgent care, referrals, and education provided in home or community settings at the direction of a primary care provider.

Community paramedicine is mentioned in the project plan for seven of Washington's nine Accountable Communities of Health⁵. It is also included as an evidence-supported strategy in the Health Care Authority's Medicaid Transformation⁶ project toolkit.

2. HCA implemented reimbursement standards

The Health Care Authority (HCA) developed “treat and refer” reimbursement standards for CARES services provided to Medicaid clients

Legislature directed HCA to develop reimbursement standards for non-emergency CARES services

In 2017, the Legislature directed the Health Care Authority (HCA) to develop standards to reimburse fire departments for services provided to Medicaid clients through a Community Assistance Referral and Education Services (CARES) program. The law specified that the standards must allow payment for covered health care services provided to clients whose medical needs did not require a visit to an emergency department (RCW 74.09.335). As described in the previous tab, there are multiple CARES models operated by fire departments in Washington. HCA had to determine which services it would reimburse.

The law anticipated that reimbursement standards might require changes to the certification and training for participating fire department staff. The Department of Health (DOH) was required to review the certification of fire department staff and work with HCA to link the certification to the covered health care services. DOH's report was due to the Legislature in December 2019.

Three other states have CMS approval to reimburse fire departments for non-emergency care they provide

In addition to Washington, the Centers for Medicare and Medicaid Services (CMS) has approved plans from three other states to provide Medicaid reimbursement for treat and refer or community paramedicine⁷ programs.

- **Arizona** adopted treat and refer standards in 2016. Reimbursement is provided when services are triggered by a 911 call. HCA modeled its standards on Arizona's approach.
- **Minnesota** and **Nevada** each have a community paramedicine program that is described in statute. Minnesota began reimbursing for the services in 2012 and Nevada began reimbursements in 2016. Both states reimburse fire departments for a broad range of services and do not require calls to 911.

⁵Regional coalitions working to improve population health.

⁶An agreement with the federal government that allows HCA to test new approaches to providing health coverage and care.

⁷Nonurgent care, referrals, and education provided in home or community settings.

Existing research about whether the approaches have resulted in savings to the states' Medicaid programs is limited and inconclusive.

Health Care Authority adopted “treat and refer” reimbursement standards based on Arizona model

HCA met with stakeholders and reviewed Arizona's and Minnesota's reimbursement models. Based on Arizona's model, HCA developed standards that it calls “treat and refer.” HCA received approval from CMS in May 2019 and began allowing reimbursement on July 1, 2019.

- HCA will reimburse for treat and refer services if a Medicaid client calls 911 (or a similar public dispatch number) to access the services.
- The emergency medical personnel will treat the client and make a referral to a health care or behavioral health provider, or a program for crisis response, chemical dependency, urgent care, or the CARES program team.
- Reimbursement is equal to the basic life support⁸ rate (about \$115). It is paid on a fee-for-service basis, even if the client participates in a managed care plan.

Only participating fire departments can be reimbursed. To participate, a fire department must certify to HCA that it is an enrolled Medicaid provider and meets the requirements to develop a CARES program.

3. Standards are unlikely to yield cost savings for state

HCA’s reimbursement standards overlap with a previously established federally funded program and are unlikely to result in cost savings for the state

Law requires JLARC to recommend repealing the reimbursement standards if they do not result in cost savings for the state

The 2017 Legislature directed JLARC staff to review the cost-effectiveness of the Health Care Authority's (HCA) reimbursement standards ([E2SHB 1358, Ch. 273, Laws of 2017](#)). This is the same legislation that directed HCA to develop the standards.

If the reimbursement standards do not result in savings for the state’s Medicaid program, the Legislature directed JLARC to recommend that the reimbursements be repealed. The statute that permits Community Assistance Referral and Education Services (CARES) programs would not be affected by the repeal of Medicaid reimbursement.

⁸A level of care that justifies use of ambulance transportation but requires only basic medical treatment skills from the ambulance crew.

Based on current information described below, the reimbursement standards are unlikely to result in savings to the state’s Medicaid program. Further evaluation of the effect of the reimbursements (e.g., actuarial analysis) is unlikely to conclude otherwise.

Many fire departments are partially compensated for treat and refer services under a separate program that is paid from federal funds

In 2015, the Legislature directed HCA to seek federal approval to implement the Ground Emergency Medical Transportation (GEMT). In 2017, the Centers for Medicare and Medicaid Services (CMS) approved Washington State's GEMT program, which provides fire departments with partial payment for treat and refer services. In 2019, 128 fire departments in Washington participated.

- GEMT pays for at least 50% of a fire department’s unreimbursed costs. This includes direct costs for the services and indirect costs such as department administration, training, and equipment depreciation.
- Unlike the CARES reimbursement, GEMT is paid entirely from federal funds.
- Fire departments can participate in both GEMT and CARES reimbursement.

Although the GEMT calculations are complex, a simplified illustration demonstrates how the two programs reimburse fire departments and affect the state Medicaid program. HCA acknowledges that the CARES reimbursement standards provide little additional funding to the departments compared to the amount they would receive under GEMT.

Exhibit 3.1: CARES reimbursement is partially funded by the state and provides a relatively small financial benefit compared to using only GEMT

With HCA’s treat and refer reimbursement for CARES, fire departments generally receive an additional \$57 for each call.

	Fire Dept. Cost	Medicaid Reimbursement		Total Medicaid Reimbursement state + federal	Remaining Local Share
		CARES state + federal	GEMT federal only		
GEMT only	\$3,000	\$0	+	\$1,641	= \$1,359
GEMT & CARES	\$3,000	\$115	+	\$1,583	= \$1,302
				\$1,698 (\$57 more than GEMT only)	

Source: JLARC staff illustration of GEMT and CARES reimbursement.

Achieving cost savings to the state’s Medicaid program would require new or expanded CARES programs

Between 2013 to 2019, fire departments have provided CARES programs at their own cost. If these existing programs led to a decrease in emergency department use, the state's Medicaid program would already reflect any related savings.

In order to achieve savings to the state Medicaid program, CARES programs and services would need to:

1. Result in savings that exceed the total cost to reimburse participating fire departments and can be linked to CARES programs rather than GEMT or other factors.
 - Savings would need to account for both reduced emergency department costs and additional costs for referred services.
 - HCA has estimated that the CARES reimbursement standards will increase combined state and federal Medicaid expenditures by \$3.8 million in fiscal year 2019. The portion of these expenditures that will be covered by the state depends on client eligibility and can range from zero to 50 percent. Federal funding for GEMT was not included in the estimated expenditures.
2. Grow beyond the level that existed when the standards took effect in 2019. This could include both new programs and an expansion of existing programs.

Few fire departments are expected to participate in CARES reimbursement

Because of the existence of GEMT, HCA does not expect participation in CARES reimbursement to increase significantly. As of December 16, 2019, six departments had enrolled to receive reimbursement for CARES services but none had filed a claim. However, they stated that they expected to file claims and that the additional funding from CARES reimbursement would be important.

HCA met with fire departments as it developed the reimbursement standards. JLARC staff reached out to some of these departments and learned that they were either unaware that the standards were in place or believed they could not participate in both CARES and GEMT reimbursement programs.

Appendix A: Applicable statutes

Different statutes authorize CARES programs and require HCA to develop reimbursement standards

RCW 35.21.930

Community assistance referral and education services program.

(1) Any fire department may develop a community assistance referral and education services program to provide community outreach and assistance to residents of its jurisdiction in order to improve population health and advance injury and illness prevention within its community. The program should identify members of the community who use the 911 system or emergency department for low acuity assistance calls (calls that are nonemergency or nonurgent) and connect them to their primary care providers, other health care professionals, low-cost medication programs, and other social services. The program may partner with hospitals to reduce readmissions. The

program may also provide nonemergency contact information in order to provide an alternative resource to the 911 system. The program may hire or contract with health care professionals as needed to provide these services, including emergency medical technicians certified under chapter 18.73 RCW and advanced emergency medical technicians and paramedics certified under chapter 18.71 RCW. The services provided by emergency medical technicians, advanced emergency medical technicians, and paramedics must be under the responsible supervision and direction of an approved medical program director. Nothing in this section authorizes an emergency medical technician, advanced emergency medical technician, or paramedic to perform medical procedures they are not trained and certified to perform.

(2) In order to support its community assistance referral and education services program, a participating fire department may seek grant opportunities and private gifts, and, by resolution or ordinance, establish and collect reasonable charges for these services.

(3) In developing a community assistance referral and education services program, a fire department may consult with the health workforce council to identify health care professionals capable of working in a nontraditional setting and providing assistance, referral, and education services.

(4) Community assistance referral and education services programs implemented under this section must, at least annually, measure any reduction of repeated use of the 911 emergency system and any reduction in avoidable emergency room trips attributable to implementation of the program. Results of findings under this subsection must be reportable to the legislature or other local governments upon request. Findings should include estimated amounts of medicaid dollars that would have been spent on emergency room visits had the program not been in existence.

(5) For purposes of this section, "fire department" includes city and town fire departments, fire protection districts organized under Title 52 RCW, regional fire protection service authorities organized under chapter 52.26 RCW, providers of emergency medical services eligible to levy a tax under RCW 84.52.069, and federally recognized Indian tribes.

[2017 c 273 § 2; 2015 c 93 § 1; 2013 c 247 § 1.]

RCW 74.09.335

Reimbursement of health care services provided by fire departments— Adoption of standards.

The authority shall adopt standards for the reimbursement of health care services provided to eligible clients by fire departments pursuant to a community assistance referral and education services program under RCW 35.21.930. The standards must allow payment for covered health care services provided to individuals whose medical needs do not require ambulance transport to an emergency department.

[2017 c 273 § 1.]

RECOMMENDATIONS & RESPONSES

Legislative Auditor Recommendation

The Legislative Auditor makes one recommendation regarding the reimbursement standards for CARES services

Recommendation: Because the Health Care Authority's (HCA's) current approach to Medicaid reimbursement for CARES is unlikely to yield cost savings, the Legislature should consider repealing or revising the statutory direction for reimbursement.

- If cost savings to the state are the only consideration, the Legislature should repeal the CARES reimbursement standards. However, there may be other factors to consider, such as providing funding to local fire departments.
- If the Legislature wants to increase the likelihood for cost savings to the state, it could direct HCA to create standards that do not overlap with other programs in order to provide more incentive for fire department participation and emergency room avoidance.

Legislation Required: Yes

Fiscal Impact: Indeterminate

Implementation Date: As determined by the Legislature.

Agency Response: To be included with Proposed Final Report.

Agency Response

Agency response(s) will be included in the proposed final report, planned for April 2020

Current Recommendation Status

JLARC staff follow up with agencies on Legislative Auditor recommendations for 4 years.

Responses from agencies on the latest status of implementing recommendations for this report will be available in 2022.

MORE ABOUT THIS REVIEW

Audit Authority

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

The statutory authority for JLARC, established in [Chapter 44.28 RCW](#), requires the Legislative Auditor to ensure that JLARC studies are conducted in accordance with Generally Accepted Government Auditing Standards, as applicable to the scope of the audit. This study was conducted in accordance with those applicable standards. Those standards require auditors to plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. The evidence obtained for this JLARC report provides a reasonable basis for the enclosed findings and conclusions, and any exceptions to the application of audit standards have been explicitly disclosed in the body of this report.

Methodology

The methodology JLARC staff use when conducting analyses is tailored to the scope of each study, but generally includes the following:

- **Interviews** with stakeholders, agency representatives, and other relevant organizations or individuals.
- **Site visits** to entities that are under review.
- **Document reviews**, including applicable laws and regulations, agency policies and procedures pertaining to study objectives, and published reports, audits or studies on relevant topics.
- **Data analysis**, which may include data collected by agencies and/or data compiled by JLARC staff. Data collection sometimes involves surveys or focus groups.
- **Consultation with experts** when warranted. JLARC staff consult with technical experts when necessary to plan our work, to obtain specialized analysis from experts in the field, and to verify results.

The methods used in this study were conducted in accordance with Generally Accepted Government Auditing Standards.

More details about specific methods related to individual study objectives are described in the body of the report under the report details tab or in technical appendices.

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