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THE MOST EXPENSIVE RIDE OF YOUR LIFE

BBJ
INVESTIGATES

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BALTIMORE
BUSINESS JOURNAL

August 28-
September 3, 2015
Vol. 33, No. 17, \$3.00



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COVER STORY

SKY HIGH PRICES

Air transportation is one medical service states struggle to regulate. As insurers and providers duke it out, patients get caught in the middle.

BY SARAH GANTZ

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INVESTIGATES

The helicopters fly over William Usilton's home who knows how many times a month. His modest 1950s house backs up against University of Maryland Shore Medical Center at Chestertown, the only hospital for a town of 5,200 along the Eastern Shore.

When a patient needs help that Chestertown's doctors can't provide, the hospital calls an air ambulance for a rush trip to Baltimore, or Delaware, sometimes Washington, D.C.

Two summers ago, Usilton found himself in one of those helicopters.

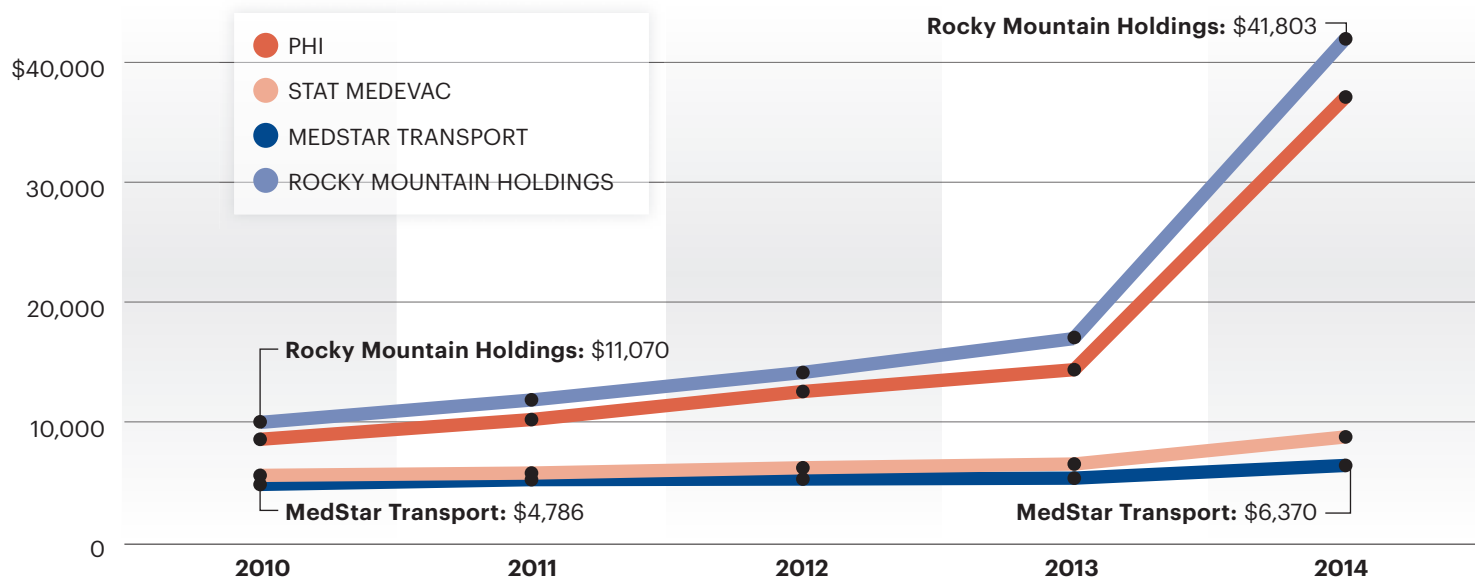
He'd taken a turn for the worse after divorcing from his wife. He was drinking twice as much, started smoking and was stressed to the max. Usilton's ex-wife had called a few nights earlier, asking to come by to collect outfits for job interviews. He was packing her closet into boxes she could pick up from the front porch while he was at work when his chest tightened up. He needed help or he'd die of a heart attack.

Before long, Usilton was flying over his own home on the way to specialists at the University of Maryland Medical Center in Baltimore.



William Usilton, 51, is fighting a \$26,817 bill from air ambulance company PHI Air Medical.

AVERAGE BILL FOR AIR AMBULANCE SERVICES



SOURCE: MARYLAND MEDICAL CARE DATA BASE

The care he received in Baltimore and the helicopter that got him there saved Usilton's life. Now he fears he'll spend the rest of it paying off the bill from the air ambulance company: \$26,817 for what was probably a 10-minute ride.

While Usilton pays \$394 a month for a health insurance plan from CareFirst BlueCross BlueShield, the insurer does not have a contract with PHI Air Medical, the commercial air ambulance company that Chestertown called.

"I'm forever in their debt for keeping me alive," Usilton said. "But I don't want to be in debt for the rest of my life to a helicopter company that all they did was transport me."

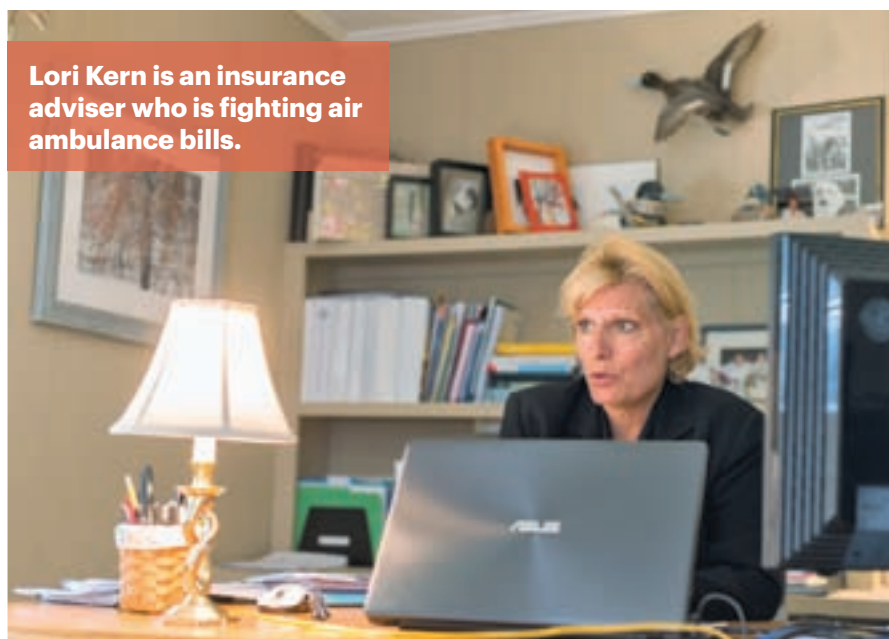
Cases like Usilton's represent a small number of the 3,700 flights air ambulances make in Maryland every year. On average in 2014, patients with private insurance paid between \$94 and \$4,747, no more than 13 percent of the billed amount, according to an analysis of medical claims from the Maryland Medical Care Data Base.

Regardless, a string of patient bills in excess of \$20,000 have caught the attention of the Maryland Insurance Administration. The agency closed 37 air ambulance cases between January 2014 and July 2015, almost all involving CareFirst members. As the complaints keep coming, Commissioner Al Redmer Jr. has called a meeting of insurers, hospitals and other stakeholders to find a solution.

The practice of going after patients for the remainder of a medical bill already sent to an insurer is called balance billing. It is especially troubling in this case because the patients who must be flown to another hospital for care have no idea that the service is not covered or that it will be expensive. Doctors do not have time to check whether a patient's insurance plan covers air transport when they are making split-second, life-or-death decisions. These patients are in such critical condition, most wouldn't be able to consent anyway.

Air ambulances have become a non-negotiable part of our national health

Lori Kern is an insurance adviser who is fighting air ambulance bills.



BY JACLYN BOROWSKI

care system. As rural hospitals consolidate or join bigger health systems, they rely on larger medical centers to care for their sickest patients. Critical care services, such as the doctors and equipment needed to treat Usilton's heart condition, are too expensive to maintain at a rural hospital where they may not be used often.

While everyone can agree on the importance of air ambulances, finding a way to pay for them will be a long road. In the meantime, it's the patients who hurt most.

"The reason for insurance is to cover situations like this," said Lori Kern, an insurance adviser with Chesapeake Benefit Services who is handling Usilton's claim and others like it.

Soaring costs

For most health care services, providers and insurance companies negotiate set rates. But federal aviation laws prohibit states from regulating rates and routes for aircraft, including the helicopters and small planes that transport patients in a medical emergency. Since air ambulances cannot be compelled to contract with insurers, they often don't and instead charge the rates they want.

Unlike most emergency care providers, air ambulance companies are allowed to balance bill because the same federal laws exempt them from the insurance rules other providers must follow.

In Maryland, both the state police and private companies provide emergency air transport. State police transport victims from the scene of an accident to a trauma center; their services are not billed to patients. Four commercial air ambulance companies handle most hospital-to-hospital transports. Each of the state's largest hospital systems contract with a specific company: Johns Hopkins Medicine works with Stat MedEvac; MedStar Health operates its own fleet called MedStar Transport; and University of Maryland Medical System calls PHI. The fourth company, Rocky Mountain Holdings, also makes flights for UMMS hospitals. Rocky Mountain is the local provider for Air Methods Corp. and does business in Maryland under the names LifeNet, Christiana Care and HealthNet.

The price of an air ambulance ride varies significantly among providers, with PHI and Rocky Mountain charg-

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BY JACLYN BOROWSKI

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COVER STORY

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HOW AIR AMBULANCE COMPANIES COMPARE

There are four different air ambulance companies that have exclusive agreements with hospitals in the area. Here is the breakdown of the average cost of a ride in these helicopters, and how often they're used by the hospitals.



Company	Number of helicopters	Average bill 2014	Flights in 2014	Flights in 2013	Primary hospital association
Stat MedEvac	3	\$8,750	471	448	Johns Hopkins Medicine
MedStar Transport	4	\$6,370	569	604	MedStar Health
PHI	7	\$37,102	247	313	University of Maryland Medical System
Rocky Mountain Holdings	4	\$41,803	84	134	Assists UMMS and other hospitals

SOURCE: MARYLAND MEDICAL CARE DATA BASE, MIEMSS

CONTINUED FROM PAGE 13

ing at least twice as much as Stat and MedStar, according to an analysis of charge and payment data from Maryland's medical claims database. PHI and Rocky Mountain are private companies, whereas Stat and MedStar are part of larger health systems. Despite the difference, prices increased at a fairly steady rate between 2010 and 2013, somewhere between 15 percent and 24 percent a year for PHI and Rocky Mountain. But in 2014 rates for PHI and Rocky Mountain shot up 158 percent and 135 percent, respectively. PHI's average bill in 2014 was \$37,102, up from \$14,358 the

year before. Rocky Mountain charged an average of \$41,803 in Maryland that year, up from \$17,796 in 2013.

Both companies say their rates reflect the rising cost of maintaining a fleet around the clock. Air Methods, Rocky Mountain's corporate entity, has invested millions in new safety technology and training, which has also influenced prices patients see, said Paul Weber, the lead accountant for Air Methods' patient transport revenue. An aging population means a growing portion of Air Methods' patients are covered by Medicare; the company winds up charging private insurers more to make up Medicare and Medicaid's relatively low rates, he said.

Bigger bills mean more patients who are unable to pay. Since the beginning of 2014, Maryland court records show 15 cases in which PHI has sued patients for unpaid bills – ranging from a few thousand dollars to more than \$30,000.

In one case a Westminster woman was flown from Carroll Hospital Center to the cardiology center at Sinai Hospital in Baltimore, 30 miles by car or \$26,000 by helicopter. Carroll County District Court granted a lien to garnish \$34,338 from her wages. The tab includes her bill, plus more than \$8,000 in PHI's attorney's fees and court costs. She works for CareFirst.

Air ambulance companies say cases

COVER STORY



When hospitals don't have the resources to treat a patient, they will use an air ambulance to transport them.

BY JACLYN BOROWSKI

“THE REASON FOR INSURANCE IS TO COVER SITUATIONS LIKE THIS. YOU WANT INSURANCE WHEN YOU HAVE AN EMERGENCY AND NEED A MEDIVAC FLIGHT TO SAVE YOUR LIFE.”

LORI KERN, an insurance adviser with Chesapeake Benefit Services

like these are outliers and blame insurers for burdening their members with the cost of health care.

“These are patients who pay good money (and sometimes high premiums) for their insurance coverage, and end up surprised and upset when their insurance company then denies coverage for these life-saving services,” Christina Brodsky, a spokeswoman for Air Methods, said in an email.

When that happens, Rocky Mountain and PHI say they help patients work out a payment plan or a reduced rate based on ability to pay. PHI assigns a case manager to help patients navigate the claims process and sends let-

ters to keep patients updated on their next steps. Lawsuits to recoup money owed are a last resort, said PHI spokesman Brad Deutser.

Deborah Lindsay has gotten those letters. The 65-year-old Preston resident doesn't even remember being flown from University of Maryland Shore Medical Center at Easton to University of Maryland Medical Center in Baltimore after having an aneurysm in April 2014. She can't forget the \$26,000 bill – the letters and phone calls from PHI are relentless, Lindsay said. PHI sent an application for its charity care program, but it asked for too much personal information: bank accounts, pay stubs, monthly bills, even how much her family spends on clothes each month.

Lindsay is a Wal-Mart department manager and, right now, her husband paints houses. If PHI peeked in their bank accounts, they wouldn't find much. But she's not filling out that form.

“I just don't think it's any of their concern,” Lindsay said. “I really don't.”

Deutser, PHI's spokesman, said the company would like to contract with more insurers in Maryland – but they can't do it at the rates some private insurers are offering.

Data from Maryland's claims database show that insurers paid an average of \$27,660 per claim to PHI and \$37,790 per claim to Rocky Mountain – at least 75 percent of the bill.

But it seems even that may not be enough. A UnitedHealthcare member filed a complaint with the insurance administration after PHI asked for \$16,536, the balance of a \$38,831 bill after UnitedHealthcare paid \$22,292. PHI and UnitedHealthcare have since settled the claim, the insurance administration said.

The Maryland Insurance Administration resolved 37 complaints between January 2014 and July 2015, 33 of which were from CareFirst members. Aetna and UnitedHealthcare were involved in two complaints each.

CareFirst CEO Chet Burrell declined to be interviewed for this story. But in a statement provided to the Baltimore Business Journal and an April letter to Eastern Shore legislators, he expressed frustration with PHI's and Rocky Mountain's billing practices.

“These rapacious companies resist contracting and aggressively pursue patients for the difference between their egregious fees and the more standard fees charged by others,” he said in the statement.

CareFirst contracts with Stat and MedStar, and pays between \$6,000 and \$9,000 per claim.

CareFirst used to contract with PHI, too, but PHI canceled the agreement in July 2013, Burrell wrote to legislators. The company continues to try to negotiate an agreement to no avail, he said.

Burrell also took aim at University of Maryland Medical System for not doing more to help convince PHI to negotiate.

For their part, University of Maryland officials say it is not their job to play mediator between insurers and providers.

The hospital is obligated to make decisions based on what is in the best interest of patients, what will give them the best chance at survival and recovery, said Dr. Lewis Rubinson, medical director for the University of Maryland Medical Center's critical care resuscitation unit. Calling an air ambulance only for patients who can afford it would be discriminatory.

Across town, Johns Hopkins Hospital has found a way to transport patients by helicopter without massive bills. When Hopkins contracted with Stat MedEvac more than 20 years ago, the hospital system demanded that the company negotiate rates with the area's insurers, said James J. Scheulen, chief administrative officer of emergency services and capacity management for Hopkins.

Legislative efforts

Lawmakers say hospital-by-hospital agreements aren't good enough, but at the same time it is unclear what power – if any – the state has to force a broader solution.

North Dakota this year approved legislation that would create a priority call list for air ambulance services. Only companies that contract with insurers could make the list, effectively forcing them to negotiate. Valley Med Flight, an air ambulance provider in the state, is suing on the grounds that the law violates federal airline deregulation laws.

Legislators who represent the Eastern Shore, including Sen. Adelaide C. Eckardt and Del. Sheree Sample-Hughes, say they are eager to see what answers may come from the insurance administration's meeting with insurers and hospitals. They say they will push legislation next session or appeal to their congressional counterparts, if necessary.

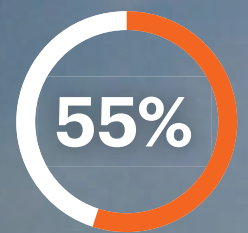
The issue is personal for Sample-Hughes, who represents Wicomico County. One Friday last August her teenage son had a bout of myocarditis, inflammation around the heart that feels like a heart attack. An ambulance rushed him to Johns Hopkins in Baltimore. His doctors later told Sample-Hughes that had the incident happened Sunday, he would have been air lifted to avoid traffic from weekenders returning from Ocean City.

“I thought about that when I started receiving letters and questions,” Sample-Hughes said. “That could have been my family, paying \$40,000 and not knowing how we are going to pay for it.”

Back in Chestertown, Usilton is hopeful his local representatives figure out something because he isn't sure he has many options left. He's appealed the bill to CareFirst, PHI and the state.

“I think Lori's going to call me one day, say, ‘I'm sorry, I tried everything,’” Usilton said. “‘You're going to have to just pay it.’” ❧

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