



Date: March 31st, 2015
To: Senate Committee on Revenue, Financial Institutions and Rural Issues
Fr: Senator Sheila Harsdorf
Re: Senate Bill 40—Relating to setoffs against tax refunds for debts related to providing ambulance services

Dear Chair Marklein and Committee Members,

Thank you for holding a public hearing on Senate Bill 40 (SB 40), which seeks to allow local governments to recover debts incurred due to providing ambulance services through the Tax Refund Interception Program (TRIP). While I am unable to testify in person, I appreciate the committee's consideration of this legislation.

This issue was brought to my attention by a constituent who pointed out the inequity in how local municipalities are able to collect for unpaid ambulance service bills based on whether they are providing the service themselves or contracting for the service. As we know, emergency medical services are a vital local government function and a necessary component in communities' emergency response systems.

The Wisconsin Towns Association recently completed a survey of 376 towns and found that over half (55.9%) contract with a private ambulance service to provide these services. In some cases, several smaller municipalities will collaborate to provide these services, either through creating a non-profit ambulance service or by contracting with an existing private entity. Some larger municipalities do provide their own ambulance services.

Unfortunately, in some cases, individuals who have received emergency medical services fail to pay charges. To the extent the ambulance services are unable to collect those outstanding payments, they incur losses which often fall on the municipalities contracting for or providing services. These unpaid debts ultimately are paid by the taxpayers of the municipality.

Currently, if a person owes a debt of at least \$20 to a county or municipality, and if the debt has been reduced to a judgement or if the debtor has been given reasonable notice and an opportunity to be heard with regards to the debt, then the county or municipality may certify the debt with the Department of Revenue to be collected through TRIP.



State Senator Sheila Harsdorf

Therefore, municipalities that provide their own ambulance services can utilize TRIP to recover costs for services provided. However, the use of TRIP is not available to municipalities when the debt is owed to a private ambulance service under a contract with the municipality. Despite the debt being the responsibility of the municipality for providing emergency medical services to its residents, TRIP is not an option to recover these costs since the debt is owed to a non-governmental entity. SB 40 would allow counties and municipalities to certify to DOR for collection of debts owed to ambulance services who are in a contract with the local government.

I urge your support of SB 40. I would welcome the opportunity to discuss this legislation further if you have questions. Thank you again for holding a public hearing and for your consideration.



PAUL TITTL

STATE REPRESENTATIVE • 25TH ASSEMBLY DISTRICT

Senate Committee on Revenue, Financial Institutions, and Rural Issues Senate Bill 40 Testimony March 31, 2015

First of all, I would like to thank you, Chairman Marklein and committee members, for allowing me to testify on SB 40.

The purpose of this bill is to enhance our statewide 911 emergency system by enabling ambulance service providers to collect past due amounts in an efficient manner.

People throughout the state depend on ambulance service providers to care for them in times of emergency and transport them to a medical facility for further care. Many if not all of us could probably tell moving stories of how we or our loved ones have received this kind of attention in time of need.

What is not as well-known is the problem providers sometimes face on account of unpaid bills. The charge for ambulance service can be \$700 or more, depending on the location and the circumstances of the service provided. When ambulance services are unable to collect past due amounts and are forced to write them off as bad debts, the cost of ambulance service increases for all of the other users.

The resulting financial strain can jeopardize the willingness of ambulance service providers to continue providing 911 related services in some locations.

This bill addresses that situation by allowing certain ambulance providers to collect past due amounts using the TRIP program. TRIP stands for Tax Refund Intercept Program, a service provided by the Department of Revenue. It is an optional program municipalities and counties may use to collect debts such as uncollected parking violations, municipal utility fees, and other fines or charges.

Using the program, county and municipal governments are able to “intercept” or attempt to recover money owed to them by debtors.

SB 40 allows ambulance service providers to use the TRIP program as well in order to attempt to collect unpaid obligations. However, the bill does not enable any ambulance service provider to submit unpaid amounts for any service.

1. The debt must have originated through a governmentally operated 911 Public-Safety Answering Point (PSAP) dispatch center.
2. The ambulance service must be acting on behalf of the town, municipality, or county to provide the service.

Further, amounts collected by ambulance services through the TRIP program would not take precedence over amounts owed to local governments for their services, unpaid child support, alimony, etc.

I respect the concern that extending the TRIP program to include the debts of private ambulance service providers could lead to the TRIP program being used by other private entities such as landlords. However, there is a major distinction between ambulance service providers and landlords.

Landlords can decide in advance whether they want to do business with a prospective tenant. Ambulance service providers don't enjoy that luxury. When they are called to the scene, they go! And when they go, they go on behalf of the counties and municipalities for whom they are providing 911 services.

Providing ambulance service is not like renting an apartment or selling a car. The ambulance service provider is not able to do a credit check prior to answering the call. When the call is made, the ambulance service provider responds without regard to the financial situation of the person making the call or receiving the services.

I also respect the view that the TRIP program could be protected and ambulance service providers could benefit from the TRIP program by structuring their contracts so the debts become county or municipal debts rather than private entity debt.

However, at that point the distinction becomes a distinction without purpose. Further, all of the current contracts would need to be re-written in order to effect what SB 40 accomplishes all at once. The better approach is to provide clarity upfront by changing the statute as provided in SB 40.

I'd like to close by mentioning two important aspects of this bill. First, it helps to keep health care costs down, an important consideration for all of us. Second, the bill helps to assure the availability of ambulance service when our families and neighbors phone 911 in times of emergency.

Those are important health and safety matters, and I hope you will support this bill.

Thanks for providing me the opportunity to testify. I would have attended today's hearing, but I am undergoing a medical treatment for my rheumatoid arthritis. If you wish to speak with me during the hearing, I will be available by cell phone.



Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

March 31, 2015

**Testimony to the Senate Committee on Revenue, Financial Institutions, and Rural Issues
on Senate Bill 40**

Chairman Marklein and members of the committee, thank you for the opportunity to testify on Senate Bill 40, which would allow municipalities to certify the debts of private ambulance service providers to the Department of Revenue's Tax Refund Intercept Program.

The Department of Revenue opposes expansion of the Tax Refund Intercept Program, or TRIP, for the collection of private debts as proposed in SB 40. The TRIP program provides an efficient mechanism for state government to collect public debts when other mechanisms have failed. TRIP serves as the linkage between multiple governmental entities to which debts are owed. It provides a focused, effective effort to collect those debts owed to governments, ensuring that everyone plays by the same rules. TRIP provides a key service for taxpayers by pursuing debts owed to governmental entities. If TRIP's narrow focus were changed, taxpayers would no longer have the efficient and effective service TRIP provides working solely on their behalf.

The Department of Revenue believes that TRIP should be reserved for public debts. It is important to note that any designation to collect private debts would adversely affect other governmental entities next in line for debt collection. Some local governments would fall behind the private ambulance debts in priority under SB 40.

Private entities already have several private collection options. Under SB 40, TRIP would be available to private entities free of charge, which could raise concerns among small and medium-sized businesses that provide private collection services.

As you may know, ambulance service providers that agree to provide those services for a municipality can enter into arrangements where the municipality would bear the risk for unpaid

services. Municipalities can already certify such debts to the Department of Revenue and the TRIP program under current law.

The Department of Revenue was concerned that the bill did not require the ambulance service provider to have a contract with the municipality. If the committee decides move SB 40 forward despite concerns about using public resources for private debt collection, DOR would ask the committee to adopt Senate Amendment 1, which requires that the ambulance company enter into a contract with the municipality or county to be eligible for the setoff program.

Thank you again for the opportunity to discuss SB 40.



The Professional Ambulance Association of Wisconsin is dedicated to helping improve Emergency Medical Services (EMS) throughout our state in bringing together:

- EMS administrators, chiefs, managers, state government and legislative lobbyists.
- Those who deliver medical care to the sick or injured.
- Other interested organizations and individuals who share our vision and passion.

Much of our effort is focused on ambulance operations and legislative issues that truly impact our ability as patient care leaders and providers to operate in a functional and sustainable EMS delivery system in Wisconsin.

Even though PAAW is a member dues Association, our Board of Directors makes a strong effort to represent the at-large interests of Emergency Medical Services and ambulance services statewide. As an example, the Association hosts a Legislative Update conference call the third Monday of every month, allowing ambulance service executives, chiefs, directors and managers to talk, share ideas and discuss items that matter most to advance EMS in our state.

Our website is www.PAAW.us.

Each year our members complete over 400,000 ambulance calls for service, both emergency and nonemergency patient transportations. This total is nearly half of the annual total for the entire state. PAAW members are passionate about what they do and how they deliver pre-hospital and inter-facility transfer care to the sick or injured.

Please call on us if we can assist you with a question or offer an industry perspective regarding ambulance services or Emergency Medical Services.

We appreciate your consideration, interest and continued support of EMS.

Sincerely,

Patrick Ryan

Patrick Ryan
President

MIDWEST
STRATEGY GROUP



Brian Schimming, 608-220-7132

Mike Brozek, 608-576-5300



Have an ambulance or EMS related question?

Allow us to assist in answering it or offer an industry perspective.

Phone

608-310-7922

Email

admin@paaw.us

Website

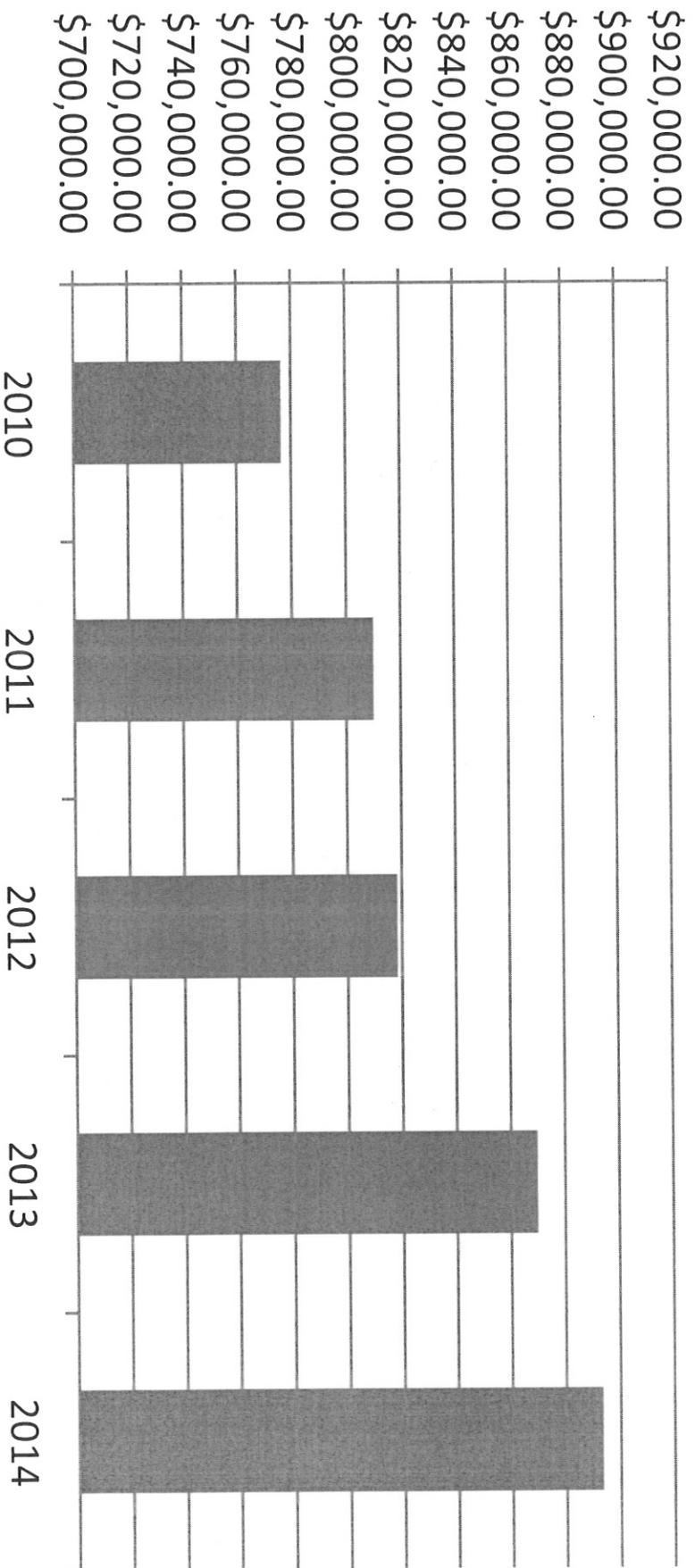
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Gold Cross Ambulance

Write-off to Collector History



GUNDERSEN HEALTH SYSTEM®

March 31, 2015

The Honorable Howard Marklein
Wisconsin State Senate
Room 8 South, State Capitol
Madison, WI 53707

RE: SB40, Setoffs Against Tax Refunds for Debts Related to Providing Ambulance Services

Dear Chairman Marklein & Committee Members:

I am writing on behalf of Gundersen Tri-State Ambulance to ask for your support and co-sponsorship of Senate Bill 40 relating to setoffs against tax refunds for debts related to providing ambulance services. The legislation would allow non-governmentally owned ambulance organizations that provide 911 ambulance services on behalf of local government the ability to submit debtor information to the town or municipality for certification to the Wisconsin Tax Refund Interception Program (TRIP).

Gundersen is an integrated not-for-profit healthcare system, consistently named among the Top 100 hospitals in the nation year after year providing services to patients primarily in western Wisconsin, northeast Iowa, and southeast Minnesota. Since 1970, Tri-State Ambulance, a non-profit subsidiary of Gundersen Health System, has served as the sole 911 advanced life support provider for seven counties in the greater Coulee Region. Covering nearly 2,600 square miles and serving a population of approximately 170,000, Tri-State Ambulance offers its residents and visitors alike high quality pre-hospital care. Gundersen Tri-State Ambulance serves the region without the use of general tax funds, yet last year alone, it wrote off nearly \$1.4 Million in uncollected service fees. As a non-profit entity, this has a direct impact to others that we serve throughout the region.

Enclosed is an information sheet below which discusses the specifics of the proposed legislation and hopefully addresses any questions you may have. In response to a number of initial inquiries we've received from your colleagues, we have included a "Frequently Asked Questions" segment as well.

Thank you for considering supporting this bipartisan issue which is vital to the financial stability of Wisconsin's ambulance services. Please do not hesitate to contact Tom Tornstrom directly at (608)782-2282 to discuss further.

Sincerely,



Tom Tornstrom
Executive Director of Tri-State Ambulance
Gundersen Health System

Non-Governmentally Owned Ambulance Service use of Wisconsin Tax Refund Intercept Program (TRIP)

General Overview of TRIP

TRIP is a program operated by the Wisconsin Department of Revenue (DOR) which allows county and municipal governments to “intercept” tax refunds in an attempt to recover money owed to them by debtors.

Presently, TRIP use is optional for municipalities and counties. Typical TRIP usage includes such debts as uncollected parking violations, municipal utility fees, and other fines or charges.

Process for TRIP Certification

TRIP eligible entities must utilize the process in accordance with DOR requirements. The basic process for TRIP submitted claims is as follows:

1. The debt must be a minimum of \$20.00.
2. The debtor must be provided with notice of the assessment.
3. The DOR provides access to TRIP certification through its *My Tax Account* system.
4. The local government must keep debt balances current in the DOR system.
5. A “checks and balances” process through DOR ensures proper debtor identification and refund intercept.

Proposed Use of TRIP for 911 Ambulance Services

Overview

Legislation is being introduced **to renumber** 71.935 (4); **to amend** 71.935 (1) (a); and **to create** 71.935 (4) (b) of the statutes; **relating to:** setoffs against tax refunds for debts related to providing ambulance services.

The legislation would allow all ambulance services who provide 911 ambulance service to a local government the ability to submit debtor information to the town or municipality for certification to TRIP.

Process for Ambulance Service TRIP Certification

TRIP eligible entities submitting certification on behalf of ambulance services would need to utilize the process in accordance with DOR requirements. The proposed process and eligibility for ambulance service TRIP submitted claims would be as follows:

1. The debt must have originated from the debtor utilizing ambulance service(s) pursuant to the following conditions;
 - a. The origination of the request for the ambulance service incurring the debt must be through a governmentally operated 911 Public-Safety Answering Point (PSAP) dispatch center.¹
 - b. The ambulance service must be acting on behalf of the town, municipality, or county to provide the service. ⁱⁱ
2. Previous collections attempts with due process must have been made in good faith with the individual debtor.
3. The debtor has the ability to appeal any debt claim with the ambulance service prior to TRIP submission.
4. The debt must be a minimum of \$20.00
5. The DOR provides access for TRIP certification through their *My Tax Account* system.

6. The local government may choose to work with the ambulance service to ensure debt balances are current in the DOR system.
7. A “checks and balances” process would exist through DOR for ensuring proper debtor identification and refund intercept.

Frequently Asked Questions Regarding Ambulance Service Usage of TRIP

Q: *What kind of individual or “patient” will be most impacted by TRIP?*

A: Since ambulance services are health care organizations, they are subject to a tremendous amount of Federal and State regulation regarding billing and collections practices.

Commonly Excluded Patients would include:

- Patients who receive Medicare benefits. These patients are still responsible for small-balance co-pays and deductibles but historically make up only a small fraction of the bad debt population.
- Patients who are enrolled in the State of Wisconsin Medical Assistance program.
- Patients who can show financial hardship and fall within the requirements of the individual ambulance service’s charity care guidelines. These financial guidelines are typically at and above federal poverty guidelines.
- Patients who are disabled or who are receiving the majority of their income through SSI do not receive tax refunds and therefore would not be affected.
- Patients who are in good faith making regular payments to their account.

Commonly Included Patients would include:

- Patients who have been paid for the ambulance service directly by their insurance company but have chosen to cash the check and spend the money allotted for the ambulance service elsewhere.ⁱⁱⁱ
- Patient who have failed to respond to numerous requests for payment. These requests occur over 90 to 120 days in most cases.
- Patients who have received a litigation settlement for an incident that created the need for ambulance transport and didn’t satisfy financial obligations even though it was considered in the judgment amount.

Q: *If this bill passes, what type of ambulance services would be eligible to utilize TRIP?*

A: Of the approximately 370 ambulance services in Wisconsin, 64% are owned and operated by a municipality and are therefore already TRIP eligible. The remaining 36% of ambulance services are made up of 26% private, not-for-profit and 10% private, for-profit, (Wisconsin Emergency Medical Services Association (WEMSA)).

Q: *Why should the State of Wisconsin support TRIP for non-municipal 911 ambulance providers?*

A: The very fact that over 90% of the ambulance services in Wisconsin are either municipal or private, not-for-profit entities clearly shows that 911 ambulance services exist as an integral part of public safety and not for financial gains. Regarding the 10% of private, for-profit ambulance services, if they choose to assist municipalities with provision of 911 services, it’s typically undertaken at a financial loss and provided as a public service.

Q: *What is the future of ambulance reimbursement by the Federal Government?*

A: As a result of the Affordable Care Act, Medicare reimbursement was reduced by 2% in the early part of 2013. Since most ambulance service patient pools are made up of 50% to 75% Medicare patients, any reductions or increases in Medicare reimbursement can significantly impact ambulance services. In the past four years, the Federal Government has continued to grant annual extensions to a 2-3% physician payment bonus which includes ambulance services. It is expected that these bonuses will end beginning in 2014 and significant revenue reductions will be observed.

Q: *Why is there a need for TRIP for ambulance services?*

A: In a time where local governments are looking to cut costs and still provide services to their communities; there is an essential need to ensure every service is given basic funding. TRIP will keep the financial burden on the patients who use the 911 ambulance service and reduce or eliminate the need for taxpayer subsidy.

Q: *I have seen an ambulance bill. How can services not make money when they charge such high rates?*

A: Regardless of the rates the ambulance service charges it is required to accept Medicare, Medicaid, and other governmental payments (Veterans benefits) as payment in full. The combination of these payers often comprises up to 75% of their patients. Frequently, these governmental payments do not cover the cost of readiness. The cost of readiness is the financial burden the ambulance organization takes on to have staffed vehicles 24/7 to meet the needs of its community. Any ambulance service that runs as a 911 provider has a strict, State regulated obligation for staffing that it cannot reduce.

ⁱ By ensuring the ambulance request originated through a publically operated PSAP, the municipality or county will have the ability to more readily verify the legitimacy of TRIP claims.

ⁱⁱ The State of Wisconsin Statutes 61.64, 60.565, and 62.133 uses the word *may* to discuss government entities' ability to contract with ambulance services. Although municipal ambulance contracting is common, it is not required. Additionally, use of mutual aid is required by the State and would exempt the ability for an ambulance service to utilize TRIP when they act on behalf of their non-primary service area due to mutual aid.

ⁱⁱⁱ The practice of an insurance company issuing a check directly to a beneficiary is termed *Direct Pay*. While there are only a few insurers in Wisconsin who practice Direct Pay, they have a significant beneficiary base and are often the largest commercial payers in a given ambulance service market. The only way for ambulance services to avoid these few insurers practicing Direct Pay is to contract with them at deep and unmanageable discounts. The secondary impact of the Direct Pay practice affects the individual patient by forcing ambulance services to use collections agencies which frequently negatively impact their credit rating.

References

Wisconsin Emergency Medical Services Association (WEMSA). (n.d.). *Wisconsin EMS Statistics*. Retrieved July 10, 2013, from Wisconsin Emergency Medical Services Association (WEMSA): Wisconsin Emergency Medical Services Association (WEMSA)