

- SUBJECT:** Increasing EMS provider licensing requirements
- COMMITTEE:** Public Health — committee substitute recommended
- VOTE:** 10 ayes — Kolkhorst, Naishtat, Coleman, Collier, S. Davis, Guerra, S. King, Laubenberg, J.D. Sheffield, Zedler
- 0 nays
- 1 absent — Cortez
- WITNESSES:** For — None
- Against — Kate Carroll, Acadian Ambulance; Stephen Diamond, Metrocare; Loretta Young (*Registered, but did not testify*: Fidel Baldazo; John Brian, Odyssey EMS; Rachel Harracksingh; Ryan Matthews; Manuel Ramon; Cynthia Ramon; Jaime Rios)
- On — Kenneth Jones, Coastal EMS; Darryl Quigley, Texas Lifeline Corp; Dudley Wait, Texas Ambulance Association (*Registered, but did not testify*: Derek Jakovich, Texas Department of State Health Services)
- BACKGROUND:** Emergency medical service providers are required to obtain a license under Health and Safety Code, sec. 773.0571. The license is issued by the Department of State Health Services and is valid for two years.
- DIGEST:** CSHB 3556 would increase the requirements for obtaining or renewing an emergency medical services provider license by requiring a letter of credit, a surety bond, and an administrator of record. Providers operated directly by a governmental entity would be exempt. The bill would give the commissioner of health the authority to suspend, revoke, or deny a license if a provider's employee or representative has been convicted of or placed on deferred adjudication community supervision or deferred disposition for an offense directly related to the duties and responsibilities of the provider, Medicaid or Medicare fraud, or other offenses listed in the bill.
- Letter of credit.** CSHB 3556 would require an applicant for an emergency medical services provider license to provide the Department of State Health Services (DSHS) a letter of credit in the amount of \$100,000

for the initial license and for the renewal of the license on its second anniversary. This amount would be reduced to \$75,000 on the fourth anniversary, \$50,000 on the sixth anniversary, and \$25,000 on the eighth anniversary and each subsequent renewal.

Surety bond. The bill would require the applicant to provide DSHS with a surety bond in the amount of \$50,000 for the initial license and for the renewal of the license on its second anniversary. The amount would be reduced to \$25,000 on the fourth anniversary and \$10,000 on the sixth anniversary and each subsequent renewal.

Administrator of record. The bill would require an applicant to have an administrator of record who could not be employed or compensated by another private for-profit emergency medical services provider. The administrator also must meet the qualifications required for a state issued health care professional license and undergo a criminal background check. A new administrator of record could be required to complete an education course that included information on laws and rules that affect providers. The administrator would be required to complete at least eight hours of continuing education annually.

Moratorium. The bill would prevent DSHS from issuing new emergency medical services provider licenses from September 1, 2013 until February 28, 2015. This moratorium would not apply to licenses issued to a municipality, county, emergency services district, hospital, volunteer provider, or provider applying to provide services in response to 9-1-1 calls and located in a county with a population of 50,000 or less.

Report to the Legislature. DSHS would be required to electronically report to the Legislature the number of licenses issued, denied, suspended or revoked, applications received, and complaints and occurrences of fraud. DSHS would also report the status of any coordination effort with the Texas Medical Board.

CSHB 3556 would take effect September 1, 2013.

SUPPORTERS
SAY:

By strengthening the emergency medical services (EMS) licensing process, CSHB 3556 would reduce the number of fraudulent EMS providers. Currently, obtaining an EMS provider license is relatively easy, which allows fraudulent providers to open short-term EMS firms. These businesses sometimes fail to meet basic regulations or overcharge for

services to make a quick profit. If the state begins an investigation of the firm, the owner can simply shut the firm and begin a new one through a friend or relative. Fraudulent firms not only waste taxpayer money, but also unfairly compete with honest providers and give the EMS profession a bad reputation.

The bill would reduce the number of fraudulent firms by increasing the requirements for licensing and requiring that each firm have its own administrator of record. The requirement for a line of credit and surety bond would not be high enough to harm legitimate EMS providers, but would deter fraudulent providers from setting up shell companies and short-term firms. The amount of the line of credit and surety bond would decrease over time as a company established its legitimacy. Requiring a line of credit and surety bond is common practice before granting many types of licenses. Requiring an administrator of record would help the state hold each firm accountable. The administrator would be required to undergo a background check and complete related education courses to help ensure that he or she was informed of current EMS laws and rules.

CSHB 3556 would help clean up the growing fraud and abuse problem perpetrated by some EMS providers. The EMS industry acknowledges these growing problems and is asking the state to regulate the industry to level the field and restore the reputation of EMS providers.

**OPPONENTS
SAY:**

CSHB 3556 would not combat Medicaid and Medicare fraud but would increase the cost and requirements of being an EMS provider. This could hurt small providers in particular. Requiring EMS providers to have a \$100,000 line of credit and \$50,000 surety bond could increase costs for an industry that runs on slim margins and struggles with diminishing Medicaid payments. Also, the bill contains no language that describes under what conditions the surety bond would be forfeited. Bond companies could be reluctant to grant such a surety bond that potentially hedged against a crime. The difficulty and cost of securing a line of credit and surety bond could be detrimental to small providers.

Requiring an administrator of record would do little to combat fraud. The administrator of record could be any employee in the company and probably would not be the owner, who is often the person responsible for the fraud. This would place the accountability for the company and education mandates on the wrong person. EMS companies intending to commit fraud could bypass the obstacles placed by the bill relatively

easily.

Preventing EMS fraud is a noble goal, but the bill would do little to combat existing fraud while increasing the cost of business and potentially harming small providers. This could harm the health transportation network. Many areas of Texas depend on smaller providers to transport people in need of assistance, particularly during a time of a natural disaster. If the increased costs pushed providers out of business, it could put the health transportation network at risk.