

Requiring air ambulance companies to enter into reciprocity agreements

HB 463 by Springer (Perry)

Digest

HB 463 would have required air ambulance companies that operated a subscription program in the same service delivery area to enter into reciprocity agreements with each other. Reciprocity agreements for subscription programs would have been exempt from regulation under the Texas Insurance Code.

The bill also would have required the executive commissioner of the Health and Human Services Commission to adopt rules establishing minimum standards for the creation and operation of a subscription program. The rules would have had to:

- ensure protection of public health and safety;
- ensure compliance with federal laws and rules regarding air ambulance subscription program services; and
- establish minimum standards and objectives for the delivery of air ambulance emergency medical services under a reciprocity agreement.

Governor's reason for veto

“House Bill 463, by mandating that air ambulance companies enter into reciprocity agreements, would unnecessarily intrude into the operations of private businesses and could very well reduce the availability of products that protect rural Texans from expensive air ambulance bills. The author was understandably trying to help Texans, but this bill likely runs afoul of federal law and could have unintended consequences. The Legislature and the federal government should find better ways to address the high costs of air ambulance services.”

Response

Rep. Drew Springer, the bill's author, said, “Helicopter air ambulances reduce transport times for

critically injured/ill patients during life-threatening emergencies and undoubtedly save lives. Yet patients typically have little to no choice over the service or provider that responds to their emergency and can be billed afterwards for charges that have potentially devastating financial impacts. Many residents of Texas have air ambulance memberships which cover the cost of a flight should one be needed for them and their families.

“I filed HB 463 because a constituent of HD 68 once received an air ambulance bill for more than \$50,000 despite having an air ambulance membership. As the constituent found out, many of these memberships do not make it clear that an air ambulance from a different provider may be dispatched, leaving a person who needed this emergency service with a hefty bill. The bill would have required air ambulance companies that operated a subscription program to enter into reciprocity agreements with other air ambulance companies that operated a subscription program in the same service area.

“Gov. Greg Abbott vetoed HB 463, despite that the bill passed overwhelmingly in the House and Senate, claiming that mandating air ambulance companies enter into reciprocity agreements unnecessarily intrudes into the operations of private businesses and could very well reduce the availability of products.

“As a free market Republican, I would agree that private business typically works best with the least amount of government interference. However, you are not making a free market decision and are unable to shop for less-expensive alternatives when under the duress of a life-and-death situation for which you have no control over who comes to your rescue. Wealthy investors, attracted by the industry's rapid growth, have acquired many of the biggest air-ambulance operators. Approximately two-thirds of medical helicopters operating in 2015 belong to only three for-profit providers.

“Air ambulance services have proliferated over the past decade, and with them reports of patients and families

ruined by exorbitant bills not covered by insurance. A recent federal report shows that between 2010 and 2014, the median prices for helicopter air ambulance services approximately doubled, from around \$15,000 to about \$30,000 per transport.

“The state of Montana passed legislation similar to HB 463 in 2017 and still has vibrant air ambulance services with subscription services. The only result of the state law in Montana has been to chase out the bad actors – and there are bad actors. In the past, air ambulance providers have paid illegal kickbacks to secure deployments, failed to acknowledge that their memberships may not cover costs if subscribers were rescued by a different service provider, and in many cases have unnecessarily transported people via air ambulance who could have instead been transported safely by a ground ambulance.

“HB 463 was a small attempt at protecting Texans who try to protect themselves in case of an emergency by purchasing an air ambulance membership. I am disappointed the governor vetoed the bill, leaving Texans exposed to predatory pricing during their most vulnerable moments.”

Sen. Charles Perry, the Senate sponsor, had no comment on the veto.

Notes

The HRO analysis of [HB 463](#) appeared in Part One of the April 8 *Daily Floor Report*.
