



# **Report on Emergency Medical Services**

**As Required By  
Health and Safety Code, Sec. 773.05713**



**Department of State Health Services  
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## **Executive Summary**

This report is provided by the Texas Department of State Health Services (the department) in accordance with the requirements of S.B. 8 and H.B. 3556, 83rd Regular Session of the Texas Legislature, 2013, that amended Texas Health and Safety Code, Chapter 773 (Emergency Medical Services). These new laws required applicants for an emergency medical services (EMS) provider license to have professional experience and qualifications and to employ a medical director. The bills imposed a prohibition on applicants who have been excluded from participation in the state Medicare and Medicaid programs. In addition, a number of provisions were included in these laws relating to the process for applicants to become licensed providers in Texas.

S.B. 8 was enacted to prevent fraudulent providers from entering the EMS industry by placing more stringent requirements on applicants. A temporary moratorium was imposed to prevent the issuance of new EMS provider licenses for the period of September 1, 2013 - August 31, 2014. Additionally, H. B. 3556 implemented new provider requirements designed to prevent fraud, waste and abuse in the Medicaid program by EMS providers. During the moratorium, only new EMS provider licenses that met specific exception criteria as mandated per the bill were issued by the department.

During this 36 month period, in Harris County alone, the number of EMS providers decreased from an all-time high of 409 in the fall of 2011, to 200 as of August 31, 2014. The total number of EMS providers statewide dropped by 25 percent during this same time period. In addition, the decrease in the number of providers in Harris County has not negatively impacted the emergency response of the 911 provider, the City of Houston EMS (see the chart on page 6).

As a result of this legislation, new standards for future EMS applicants and current EMS providers were incorporated into Health and Safety Code, Chapter 773 and additional EMS licensing rules were adopted at 25 Texas Administrative Code, Chapter 157.11 on August 10, 2014.

## **Background**

In 2004, the Governors EMS and Trauma Advisory Council (GETAC) recognized the need to closely look at issues related to EMS provider licensing. As a result, the GETAC created a Medical Transportation Task Force to review the “licensing problems” related to non-emergency inter-facility transport services and unregulated general medical transportation. The findings of that task force were used as the starting point by legislators as they developed S. B. 8 and H. B. 3556.

In 2005, department staff participated in the North Texas Healthcare Fraud Work Group, which was initiated by the Federal Bureau of Investigation (FBI). Participants in the work group included representatives from the health care insurance industry; EMS licensed providers, trade organizations, advocacy groups and other governmental agencies that had an interest in combating fraud, waste and abuse committed by EMS providers. Department staff had already been involved in discussions to decrease or stop fraud in EMS with the FBI, HHS Office of the

Inspector General (OIG) and the Office of the Attorney General (AG). Geographic areas of particular interest during this time were Dallas/Fort Worth and East Texas.

In December 2006, department staff participated in a federal seizure at 17 EMS provider locations that were suspected of committing Medicaid fraud. This resulted in multiple criminal convictions, fines, restitution, and company closures. However, in spite of these efforts, there continued to be a significant increase in the number of EMS providers in Texas. The number of licensed EMS providers increased to an all-time high of 1,237 in July of 2011 with 409 of these EMS provider licenses being located in Harris County. Stakeholders have long asserted that the lack of state regulation has made it very easy for entry into the EMS industry, which has led to an alarming increase in Medicaid and Medicare fraud. By conducting just four investigations, it was documented that there was over \$670.5 million dollars of fraud committed by owners of EMS agencies in Texas.

During June 2011, department staff conducted 24 inspections in a single Houston zip code to verify EMS provider compliance with 25 Texas Administrative Code §157.11. As a result of these efforts, 62 EMS providers were identified that were not located at the physical address of record. Based on inspection findings, these providers were referred to enforcement for adverse disciplinary action.

The Houston Chronicle highlighted the issue of Medicaid fraud when it published a series of articles in October 2011, regarding fraud and suspected fraud committed by EMS providers in the Houston area. Department staff responded by implementing a number of strategies to combat fraud from a regulatory perspective. Actions initiated by the department included an increase of unannounced provider inspections in targeted areas, expediting enforcement actions for violators, collaborating with the Texas Medical Board (TMB) to strengthen the EMS medical director requirements, placing a cap on the number of EMS firms for which a single physician could serve as a medical director, and re-educating medical directors regarding their roles and responsibilities.

In July 2013, the Centers for Medicare & Medicaid Services (CMS) issued a notice announcing the first temporary enrollment moratorium under the Affordable Care Act to fight fraud in Medicare, Medicaid and CHIP. The moratorium temporarily halted the enrollment of new ground ambulance suppliers in the Houston metropolitan area for six months. As a result of the moratorium, CMS denied all new or pending applications from ground ambulance providers with practice locations in Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller counties. The CMS temporary moratorium was extended on January 31, 2014 for an additional six months and again in July 2014 for an additional six month period.

Senate Bill 8 and House Bill 3556 tightened the licensing requirements for providers. This includes requirements imposing a prohibition on applicants who have been excluded from participation in the state Medicare and Medicaid programs; a graduated decreasing letter of credit requirement for those applicants who have been in business less than ten (10) years; that the applicant possess sufficient professional experience and qualifications to provide emergency medical services; and for the education and training requirements of the Administrator of Record

(AOR). These additional new provider requirements were designed to prevent fraud, waste and abuse in the Medicaid program by EMS providers.

The combined interventions of CMS, TMB, the Texas Health and Human Services Commission (HHSC) and the department have had a notable impact on the number of EMS firms in the Houston area; the number has significantly decreased over the past 2 years (see chart on page 6). The decrease in the number of providers in the Houston area has not negatively impacted the availability of adequate emergency services. As of August 31, 2014, Harris County dropped to an all-time low of 200 EMS providers.

### **Legislative Requirements**

Health and Safety Code, Sec. 773.05713 requires the development and submission of this report.

“Not later than December 1 of each even-numbered year, the department shall electronically submit a report to the lieutenant governor, the speaker of the house of representatives, and the standing committees of the house and senate with jurisdiction over the department on the effect of Sections 773.05711 and 773.05712 that includes:

- (1) the total number of applications for emergency medical services provider licenses submitted to the department and the number of applications for which licenses were issued or licenses were denied by the department;
- (2) the number of emergency medical services provider licenses that were suspended or revoked by the department for violations of those sections and a description of the types of violations that led to the license suspension or revocation;
- (3) the number of occurrences and types of fraud committed by licensed emergency medical services providers related to those sections;
- (4) the number of complaints made against licensed emergency medical services providers for violations of those sections and a description of the types of complaints; and
- (5) the status of any coordination efforts of the department and the Texas Medical Board related to those sections.”

### **Data for the Legislative Report**

The data for this report was collected from September 1, 2013 through August 31, 2014.

- (1) The total number of applications for emergency medical services (EMS) provider licenses submitted to the department: **20**
  - The number of applications for which EMS licenses were issued: **12**  
**(Note: five providers that applied during the reporting period were licensed after August 31, 2014.)**
  - The number of applications for EMS Provider licenses that were denied by the department: **three; one for failure to pay previous agreed order; one for inspection deficiencies; and one for inspection deficiencies and failing to provide requested information.**

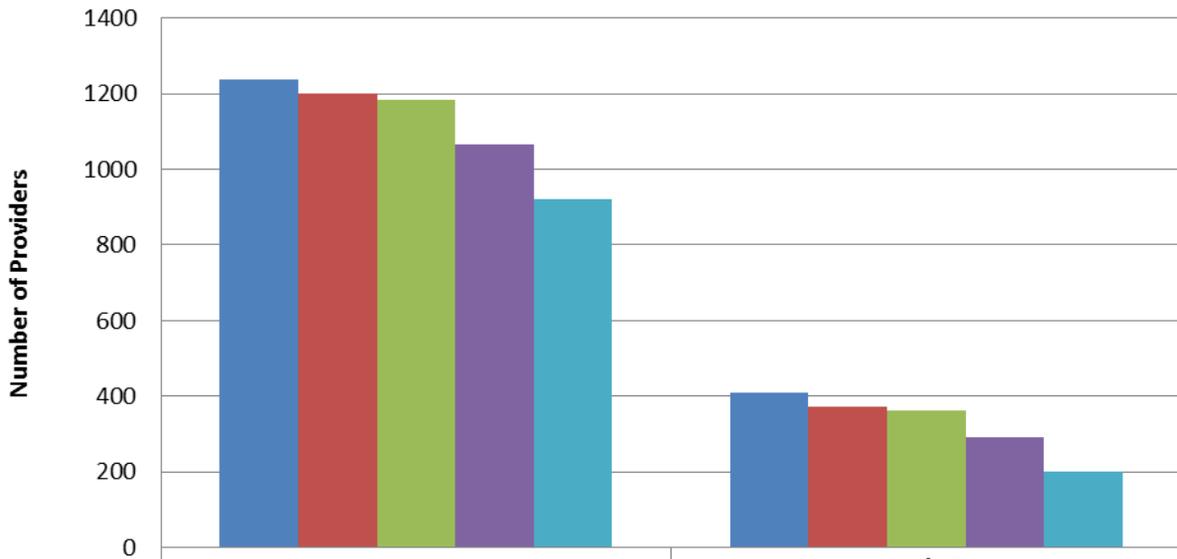
- (2) The number of EMS provider licenses that were suspended or revoked by the department for violations of Sections 773.05711 and 773.05712: **None**
  - Description of the types of violations that led to the EMS Provider license suspension or revocation per Sections 773.05711 and 773.05712: **None**
- (3) The number of occurrences of fraud committed by licensed EMS providers related to Sections 773.05711 and 773.05712: **None**
  - The types of fraud committed by licensed EMS providers related to Sections 773.05711 and 773.05712: **None**
- (4) The number of complaints made against licensed EMS Providers for violations of Sections 773.05711 and 773.05712: **None**
  - Description of the types of complaints received in violation of Sections 773.05711 and 773.05712: **None**
- (5) The status of any coordination efforts of the department and the Texas Medical Board (TMB) related to those sections.
  - **Two medical directors were referred to TMB for possible violations.**
  - **On-going coordination on a process for a Medical Director to serve more than 20 EMS firms.**
  - **An on-line medical director course was completed and made available on September 1, 2014.**

## **Conclusions**

Because of the attention that was brought to this matter, there are 317 fewer EMS providers in Texas since July 2011. It should also be noted that there have been no reports or complaints regarding the lack of sufficient EMS services in Texas due to the 25% decrease in EMS providers.

Based on the directions from the Texas Legislature, the department has developed and implemented effective licensing rules that will impact all future EMS provider applicants and renewal applicants by ensuring each has the requisite skills and knowledge to conduct business in Texas, and does so in full compliance with EMS regulations and rules.

## EMS Provider License Snapshot



	Texas	Harris Co
■ July 2011	1237	409
■ Aug 2012	1199	372
■ Sept 2012	1182	363
■ June 2013	1067	293
■ Aug 2014	920	200

The on-going efforts of legislators, Texas leadership, and department staff, in cooperation with many federal and state partners, will continue to ensure a safely operated EMS system that is provided by qualified professionals in compliance with Texas laws, thus reducing fraud within the industry. The next report will be provided by the department on December 1, 2016.