



Report on Emergency Medical Services

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



**Department of State Health Services
December 2016**

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Executive Summary

This report is provided by the Texas Department of State Health Services (DSHS) 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).

The legislation:

- Required applicants for an emergency medical services (EMS) provider license to have professional experience and qualifications and to employ a medical director.
- Imposed a prohibition on applicants excluded from participation in the state Medicare and Medicaid programs
- Included a number of provisions relating to the process for applicants to become licensed providers in Texas.

More specifically, S.B. 8 addressed fraud in the EMS industry by placing more stringent requirements on applicants. It placed a temporary moratorium on the issuance of new EMS provider licenses for the period of September 1, 2013 - August 31, 2014. During this period, only new EMS provider licenses that met specific exception criteria as mandated per the bill were issued by the department. H. B. 3556 implemented new provider requirements designed to prevent fraud, waste and abuse in the Medicaid program by EMS providers.

These new standards for new EMS applicants and current EMS providers were incorporated into Health and Safety Code, Chapter 773. Additional EMS licensing rules were adopted at 25 Texas Administrative Code, Chapter 157.11 on August 10, 2014.

The number of EMS providers statewide decreased from 1067 in August, 2013 to 787 in August, 2016. The number of providers in Harris County decreased from 274 to 139 during this same period. The decrease in the number of EMS providers has not negatively impacted the availability of adequate emergency services.

Introduction

Health and Safety Code, Section 773.05713, requires that DSHS, not later than December 1 of each even-numbered year, 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:

- 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;
- 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;
- The number of occurrences and types of fraud committed by licensed emergency medical services providers related to those sections;
- 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
- The status of any coordination efforts of the department and the Texas Medical Board related to those sections.

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, GETAC created a Medical Transportation Task Force to review licensing problems related to non-emergency inter-facility transport services and unregulated general medical transportation. The findings of that task force were considered by legislators as they developed S. B. 8 and H. B. 3556 during the 83rd Legislature, Regular Session, 2013.

In 2005, department staff participated in the North Texas Healthcare Fraud Work Group, 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, Health and Human Services Office of the Inspector General (OIG) and the Office of the Attorney General (AG). The geographic areas of interest at 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. In spite of these efforts, the number of EMS providers in Texas increased significantly. The number of licensed EMS providers hit an all-time high of 1,237 in August of 2011 with 397 of these EMS provider licenses located in Harris County. Stakeholders have long asserted that the lack of state regulation made entry into the EMS industry very easy, resulting in an alarming increase in Medicaid and Medicare fraud.

During June 2011, department staff visited over 90 EMS provider offices in a single Houston zip code to verify compliance with 25 Texas Administrative Code §157.11. As a result of these efforts, 24 vehicle inspections were conducted and staff discovered that 62 EMS providers were not located at the physical address of record. Based on inspection findings, these EMS 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 halted the enrollment of new ground ambulance suppliers in the Houston metropolitan area for six months and continues as of this date. 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, and Liberty, Montgomery, and Waller counties and as of July 29, 2016 expanded this moratorium statewide in Texas, Pennsylvania and New Jersey for non-emergency EMS Providers.

Senate Bill 8 and House Bill 3556 tightened the licensing requirements for providers. The legislation included requirements imposing a prohibition on applicants who have been excluded from participation in the state Medicare and Medicaid programs; a 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 also 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 DSHS have had a notable impact on the number of EMS firms in the Houston area. The number has significantly decreased since 2013 (see graph on page 6). As of August 31, 2016, Harris County dropped to an all-time low of 139 EMS providers and the number statewide to 787. The decrease in the number of providers has not negatively impacted the availability of adequate emergency services.

Reporting Requirements

(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.

- The total number of applications for emergency medical services provider licenses submitted to the department: 31 Initial Applications and 824 Renewal Applications
- The number of applications for which licenses were issued: 22 Initial Applications and 763 Renewal Applications. *(58 applications were submitted but not completed, 3 were withdrawn by the applicant.)
- The number of applications for which licenses were denied by the department: 3

(2) The number of emergency medical services provider licenses that were suspended or revoked by the department for violations of these sections and a description of the types of violations that led to the license suspension or revocation.

None revoked or suspended.

(3) The number of occurrences and types of fraud committed by licensed emergency medical services providers related to Sections 773.05711 and 773.05712.

- One did not have required letter of credit and approved Administrator of record.
- One did not have the required letter of credit or approved medical director.
- One did not have the required approval from local governmental entity as required in Section 773.0573.

(4) The number of complaints made against licensed emergency medical services providers for violations of Sections 773.05711 and 773.05712 and a description of the types of complaints

None Received.

(5) The status of any coordination efforts of the department and the Texas Medical Board related to Sections 773.05711 and 773.05712.

- Four medical directors were referred to TMB for possible violations.
- Coordinated on processing a waiver request and approval for a Medical Director to serve more than 20 EMS firms in the Lubbock area of Texas.
- An online medical director course was developed and made available at no charge to the medical director until September 1, 2016.

Conclusion(s)

Based on the new laws enacted in Texas, the department developed and implemented new licensing rules that that will have a long-standing impact on EMS provider initial and renewal applicants. The new licensing rules will ensure each organization has owners and personnel that possess the requisite skills and knowledge to safely conduct business in Texas, and does so in a manner that complies with state laws and administrative rules.

The on-going efforts of legislators, 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, 2018.

Appendix A: Tables and Charts/Graphs

Graph 1. Total EMS Providers in Texas and Harris County

