



## **Impact Statement on Raising the Minimum Wage to \$15 per Hour**

The AAP would support raising the minimum wage to \$15/hour with better funding of EMS agencies. In fact, we would already be paying higher wages, but we are prohibited based on our current reimbursement model (which two GAO studies outlined is far below our costs).

EMS is a profession with staff that are highly trained to respond to the residents in their most vulnerable of times. They care for patients in need of medical monitoring, treatment, assessment and/or observation in an emergent and non-emergent setting. EMS SHOULD be paid a decent wage so providers do not have to work two or three jobs to make ends meet.

Before you increase the minimum wage, we implore you to increase the reimbursement (Federal - Medicare) (State - Medical Assistance and commercial insurers) and limit the dollar amount on copays or remove them from all 911/emergency responses PRIOR to implementing a mandatory minimum wage hike. The result on an already fatigued and frustrated work force will contribute to the demise of many EMS agencies in the Commonwealth.

### **Background**

Emergency Medical Services (EMS) has been a community that has been ignored in recent funding opportunities (Hazard Pay Grant), yet required to be in a state of readiness at any given time as we are required by law to respond to residents regardless of a patient's race, sex, creed, national origin, sexual preference, age, handicap or medical problem or a patient's financial inability to pay (Act 37 reference/citation).

The average resident expects a "mobile emergency room" when they call 911 and yet, no one wants to cover the actual cost of this essential service. The GAO examined EMS costs in 2007 and 2012. They found Medicare reimbursements were below costs: 2007 Report <https://www.gao.gov/products/GAO-07-383> 2012 Report <https://www.gao.gov/products/GAO-13-6>

Reimbursement rates for EMS are fixed. We are not permitted to bill for the cost of equipment and supplies used. The cost of supplies continues to rise with no additional funding. For example, the cost of one box of gloves is currently \$40 and preCOVID the cost was \$10.95. The cost of a cardiac monitor ranges from \$30,000 to \$40,000. A stretcher system costs around \$42,000. EMS Agencies are required to have supplies, medication, and equipment on the ambulance at all times as a condition of licensure.

The reimbursement structure is primarily based on treatment AND transport. EMS provides many important services in the Commonwealth that are not reimbursed, such as Treat No Transport, community paramedicine.

Medical Assistance beneficiary numbers continue to climb while reimbursement is even less than Medicare.

The amount of copayments continue grow (\$250 and higher) and EMS is not able to collect a copayment at the time of the emergency. Collection of copays continues to be a challenge resulting in "write offs" and bad debt. Since the COVID pandemic collection of copays, deductibles and non-covered services continue to lag further and further behind. In addition, there is no direct payment to EMS agencies from the commercial insurers unless the agency agrees to reduce their reimbursement amount under a contract with the insurer.

### **Trickle Down Affect**

Many EMS agencies do NOT receive funding from their local municipalities. However, local municipalities will also have to increase their staff wages to meet the minimum wage requirement or raise the wages incrementally for their current staff who make \$15/hr. This will result in less funding to EMS agencies who receive assistance locally as well as a burden to taxpayers who will ultimately see the result in higher taxes.

Increasing salaries also increase other employment expenses tied to salaries, such as Workers Comp and taxes. Employees who are currently making \$15/hr will also need to be raised incrementally (based on HR policies, labor union rates, etc.) raising the cost to provide EMS services along with the wage compression within EMS agencies. The potential for hiring freezes, lay off of personnel and outsourcing services increases with mandatory wage hikes. This will also increase the Medical Assistance beneficiary numbers. In addition, skilled and seasoned EMS providers will potentially seek other positions under new wage mandates that are not as hazardous and stressful. The increase in Medical Assistance reimbursements that would have been reimbursed at a higher rate through other insurances result in yet another reduction of revenue.

Many EMS agencies experienced a decrease in the number of calls during the first few months of the COVID pandemic and have not recovered. The Payroll Protection Loans were used exclusively to cover salaries for existing staff and many agencies would have had to shut down without these funds. Many remain teetering on the edge of closure.

EMS, as an industry, is at risk with this potential wage change but rural EMS is especially vulnerable as they are already compromised to the point of near closure in many counties.

More EMS agency closures will result in longer response times and lives lost. EMS agencies are not unlike any other small employers who will be impacted by this 'adjustment' to the minimum wage.

Resource: US Department of Labor Minimum Wage by State, <https://www.dol.gov/agencies/whd/mw-consolidated>

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