

January 9, 2017

Roman Gastesi
County Administrator
Monroe County (Florida Keys)
1100 Simonton Street
Key West, FL 33040

Dear Mr. Gastesi,

We share your vision of providing the best possible access to emergency healthcare for the people of Monroe County while limiting their personal financial responsibility for such events. As you know, operating an emergency air ambulance program is expensive, especially one with high quality equipment and highly-trained personnel. Air Methods takes its responsibility of providing emergency access to every community it serves very seriously. This includes Monroe County where our LifeNet program has been serving residents and visitors alike since 2007.

The FAA has issued, and continues to issue, new Helicopter Air Ambulance (HAA) rules with which HAA operators must comply. Air Methods has remained in compliance with these rules and will continue to meet these requirements. Our fleet is equipped with Night Vision Goggles (NVG), XM Satellite weather and tracking, Global Positioning Systems (GPS), and Helicopter Terrain Awareness and Warning Systems (HTAWS). Air Methods also utilizes Level D-qualified full-motion helicopter flight simulators allowing pilots to prepare for routine, unusual and emergency circumstances in a safe environment. This equipment enhances our pilot's situational awareness and provides critical information to improve operational safety. Our Operational Control Center (OCC) monitors our fleet at all times utilizing satellite tracking and communication providing support to our pilots before and during a flight. Much like our aviation standards, our clinical quality is the gold-standard in the industry. Our clinicians are highly-trained trauma nurses and paramedics using advanced human patient simulators for ongoing skills training. Our clinical capability includes trained nurses using onboard balloon pumps, onboard blood, a national leader in airway management, and CAMTS accredited. LifeNet also transports patients to hospitals outside of Miami such as Tampa or St. Petersburg when necessary to access the appropriate type of care required.

Sustaining an emergency air medical operation with high standards demands the use of these tools and requires the willingness and dedication of highly skilled and qualified professionals. These standards also demand strict adherence to federal and state regulations that govern many



facets of our operation, including how we maintain and operate our aircraft, how we provide clinical care to our patients, and how we administer patient accounts. Such regulations are intended to protect the safety, quality and fairness of the service provided, so we gladly submit ourselves to such authority. Routinely waiving the value of the patient cost-sharing responsibility without collecting it from an alternative source is potentially in violation of federal law.

On November 16, 2016, Air Methods met with you and other Monroe County officials to discuss what LifeNet can do to limit the often large financial responsibility patients with limited or no insurance coverage can face. We shared that if our membership program were authorized in Florida the county could purchase memberships for its residents as an option to limit the patient financial burden. During the meeting we also shared many operational and financial elements of our LifeNet operation in response to your questions. The meeting concluded with a promise to provide you with a solution, per your request.

We sent a proposal to you on November 29 with a solution that Air Methods would accept an annual payment from Monroe County in-lieu of pursuing patients with limited or no commercial insurance for their personal liability over the amount allowed by any applicable insurance coverage. We determined the appropriate annual cost-sharing amount was \$400,000, which is based on our 2015 actual commercial/self-pay patient liability experience in Monroe County. You rejected our proposal in an email on December 18 stating, "I do not agree with paying LifeNet any subsidy". This confused us, as Monroe County expressed interest in paying much more for a membership program if one were available. Since no membership program is available in Florida we proposed the patient liability subsidy as a viable alternative to cover the costs to patients over and above any amounts allowed by applicable insurance coverage.

In a follow-up email I asked for an explanation as to why the county disagrees with paying a subsidy to cover its residents' financial exposure over and above any available insurance payments. In your response you stated, "Trauma Star waives hundreds of thousands of dollars in balance billing annually to our residents and are still operating in the black". In your email you expressed confidence that if Monroe County purchased an additional Sikorsky S-76 the county would operate the additional aircraft in the black and realize a reasonable total payback period. This must assume the additional S-76 replaces the LifeNet program at Lower Keys Medical Center, since the patient transport volume needed to support the additional aircraft would not exist without LKMC transfers.

To clarify our position and respond to your assertions, I would like to make the following points. First, the economics of our operation require payments from commercial and self-pay patients over and above the amounts we are able to collect from commercial payors. In order for



LifeNet to forego collection of these fees directly from patients, an annual payment of \$400,000 is required to offset these losses. Second, we do not believe it is appropriate to compare the economics of a government-subsidized operation with a commercial operation like LifeNet. Obviously, Monroe County operates Trauma Star, covering much of the cost with property tax dollars assessed to its residents which allows it to “waive” balance billing and remain “in the black”. If Monroe County were to consider all of the costs of its equipment and operations, especially the millions of dollars to acquire, maintain, train, and staff another Sikorsky S-76 to replace our service, we are confident that the county would come out much better with our proposed arrangement. Finally, our proposal keeps the same high quality LifeNet critical care access that exists today. This appears to be a win for both Monroe County and its residents by providing this critical service to your community without saddling taxpayers with excess personal liability and the burden of purchasing and maintaining expensive equipment and crews, while making a reasonable and predictable payment to LifeNet to account for the actual cost of this service.

We urge you to reconsider our proposal and look forward to your response.

Sincerely,

Paul Webster
Vice President
Air Methods Corporation