

April 20, 2016

To: Ohio Senate Medicaid committee  
Re: Ohio Ambulance and Medical Transportation Industry

Chairman Burke, Vice Chairwoman Manning, Ranking member Cafaro, and members of the Senate Medicaid committee, thank you for the opportunity to speak with you today regarding the state ambulance and medical transportation industry. My name is Brian K. Hathaway and I am the President/CEO at Spirit Medical Transport, LLC.

Since 2007, Spirit Medical Transport, LLC, based in Greenville has proudly been serving consumers in the western Ohio and Eastern Indiana regions. We have satellite offices in Sidney, Englewood, and Richmond, IN. As a family owned and operated business, Spirit operates a combination of medical transportation vehicles which include both ambulances and wheelchair vans. At Spirit we currently employ 75 individuals who made just over 36,000 transports in 2015.

It is no secret when I share with you that our industry as a whole is struggling. It has become routine to hear of transportation companies merging, shutting their doors, or alternatively scaling back in hope that there is enough money at the end of the week to put food in the mouths and clothes on the backs of the people their company employs. Like most companies, Spirit is committed to giving a high quality experience for a reasonable rate of reimbursement. However, the cost of providing these services has almost doubled in the last five years without any meaningful Medicaid increase to offset this. Unlike all other transportation providers across the country, as a medical transportation company, we have not been afforded the opportunity to add surcharges to our invoices and get paid for the increased costs. Subsequently, over 30 of my associates in the medical transportation industry have been forced to close their doors in Ohio, costing our state jobs and money.

As a young entrepreneur and businessman, I've always strived to give back by providing for the community and my employees. As costs in recent years began to rise, fiscal years 2012, 2013, and 2014 were a struggle. Each of these years our business ended the year with a loss. These losses were then reported to the bank loan officer who began to say no, no, and no when I would ask for additional operating funds each year.

Compassionate about the service we were providing to the community, I quickly drained my life savings and had to turn to friends and family to help financially support a business I'd come to know and love. It was not uncommon, in recent years, for me to be at work 100 or more hours per week. For the vast majority of the past two years, my family survived on my wife's teaching income. Why...because of my love of caring for people in need, which went beyond my business sense.

Then, in early 2015, for fear that my life-long dream was about to fold in front of my very own eyes, I made one of the hardest decisions I've ever had to make in life ... I had to learn the word NO. The discontinuation of service meant saying no to patients with whom our employee base had developed a mutual relationship that involved both family and friends. Why? Because if we continued to service the

high number of patients that resulted in Medicaid reimbursement transports, Spirit Medical Transport would be added to the list of Ohio Medical transportation companies that would close.

In February of 2015, I made the very painful decision to terminate 16 nursing home contracts with a high Medicaid population, as well as all non-emergency transports out of home residences not associated with an agency contract. We attempted to find other providers to serve the needs of this vulnerable population. But unfortunately some were denied transport by any other willing provider. So we continued taking them to where they received care at a significant financial loss, knowing these were the loved ones of families in our community. Ultimately, we continued to transport them until the good Lord called them home.

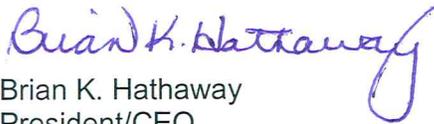
Additionally, for the first time ever, I had to look into the eyes of a handful of employees and invoke the word "layoff." In the months to follow, we monitored the cuts and they still weren't deep enough. Again, in October 2015, we made another 36-percent cut in our total transports. The result? The first minimal company profit in three years and a W2 return for me of \$3,600 for a year's worth of work.

I share this story with you not because I want you to feel sorry for Spirit Medical Transport or even Brian K. Hathaway. I share this story because much like every one of you, I care deeply about your constituents and want the very best for them each and every time they are in need of medical transportation services. At the end of the day, it doesn't matter what the service provider's name reads on the side of the ambulance or wheelchair van. What matters is that your Medicaid constituents aren't having to wait four, six, eight, even 10 hours to be released from their hospital stay or go back to the nursing home, simply based on the fact there are far fewer services to go around and limited reimbursement to make it happen. It is difficult to recruit qualified Emergency Medical Personnel when they could currently earn a starting hourly wage at any fast food chain in the area that is higher than that of an EMT locally at the current reimbursement rates.

We are seeking an across the board rate increase. While we are aware of the scarce resources and immense pressure you are all put under as elected officials to allocate these funds, our industry is hanging by a thread. Without a rate increase, an extremely vulnerable population that continues to live longer will be put under further duress as their care will continue to suffer. Additional ambulance and transportation companies will board up the windows and close their doors. The individuals who provide care for them will lose their jobs, resulting in additional stress and strain on your constituents in communities across Ohio.

I would be happy to answer any questions you might have and I thank you for your time and consideration.

Respectfully submitted,  
***Spirit Medical Transport, LLC***



Brian K. Hathaway  
President/CEO