UMPC’s MedEvac closes 3 out-of-state bases where service was promised

By Bonnie Pfister, TRIBUNE-REVIEW
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STAT MedEvac, the air ambulance provider controlled by University of Pittsburgh Medical Center, has quietly shuttered two out-of-state bases -- and soon will do the same at a third on the Pennsylvania-New York border.

In the months before STAT placed its longtime CEO on leave to investigate his business practices, it stealthily pulled out of western New York after less than a year. It also withdrew from a base in Ohio, where critics claim STAT pays kickbacks to shore up business.

Public documents and interviews in communities where STAT operated suggest STAT extended the business into far-flung rural markets that failed to deliver anticipated profits.

In February, STAT placed James Bothwell, its chief executive, on paid leave while it studied unspecified concerns about how he ran the company. Bothwell, of Jefferson Hills, resigned a month later from the $262,293-a-year job.

Bothwell said in a brief telephone interview that he did not know why he was being investigated.

"It's a great organization, great people," he said. "That's all I have to say."

In November, medical providers in North Dansville, N.Y., learned that STAT's helicopter was gone for good -- seven months after it set up for business.

In December, STAT told its ground ambulance partner in New Philadelphia, Ohio, that it would exit the market before Christmas.

And Robert Packer Hospital in the north-central Pennsylvania community of Sayre is looking for a new provider of helicopter service after STAT departs this month.

Critics say STAT executives seem to think they can gain market share simply by showing up.

"What we have found with STAT is, they will just plunk a ship down and see how it does," said Charlene Mancuso, administrator of Metro LifeFlight, based in Cleveland. "If it doesn't do what they think it should, they remove it -- after they've told a community that they are going to serve them."

STAT spokesman John Chamberlin said STAT operates within the law and with patient care as its guiding principle. He described its withdrawal from the three communities as business decisions.

"There has been no change to this strategy," he said.

Sprawling growth STAT's first base opened in 1984 at Mercy Hospital in Pittsburgh's Uptown section. At the time, the air ambulance market belonged to then 5-year-old LifeFlight, of Allegheny General Hospital in the North Side. AGH operates one chopper each from Pittsburgh, Indiana and Butler counties, and two in Westmoreland County.

Today, STAT operates 20 EMS helicopters from 16 bases in central and western Pennsylvania; Youngstown, Ohio; and Hagerstown, Md. Its "STAT Comm" toll-free number dispatches STAT
and LifeFlight choppers -- a system that chafes AGH, but was approved by the state Health Department.

STAT provides choppers branded with hospital logos for Cleveland Clinic, Children's National Medical Center in Washington and Johns Hopkins Hospital's Lifeline in Baltimore.

The nonprofit Center For Emergency Medicine, whose board UPMC controls, runs STAT. West Penn and Altoona hospitals hold small stakes on the board. UPMC referred questions to Chamberlin.

The Center's tax filings show revenue jumped 15 percent, to $60.5 million, in fiscal year 2006. But helicopter flights cost thousands of dollars, and expenses consumed most of that income. STAT has relied on UPMC loans --$24.4 million as of last summer -- to keep growing.

Kickback allegations

In Ohio, STAT was dogged by allegations of violating federal anti-kickback rules by paying $500 "reimbursements" to some ground medical responders.

Many first responders, often volunteer fire departments, say they need the reimbursements, because only the entity transporting a patient can bill insurers for the service. Skeptics worry that cash-poor responders might call a company offering money, even if its aircraft isn't the closest.

Chamberlin said such reimbursements are legal and unexceptional. Pennsylvania regulators have not raised concerns about the payments, which AGH officials say LifeFlight sometimes pays as well.

Ohio regulators say they're aware of no other operators in the state offering such payments, but whether the practice constitutes a kickback is a matter for the federal Office of the Inspector General.

Rod Crane, head of MedFlight in Columbus, said he lodged a written complaint with the Inspector General's Office in 2005. The office would not confirm or deny an investigation.

"We feel it's an inappropriate inducement, and that the patient (might) not receive the nearest, fastest air medical service because of it," Crane said.

A stealthy retreat

In western New York, Bothwell spent money for months on a public relations campaign to win a "certificate of need" to operate -- a document that later turned out to be unnecessary.

North Dansville is a community of 5,000 on the edge of the Finger Lakes. A 15-year-old medical helicopter service, Mercy Flight Central, operated just 36 miles north for patients needing transport to Rochester trauma centers. A contentious debate erupted in 2005 over whether STAT was needed.

Many -- including North Danville's Noyes Memorial Hospital CEO James Wissler -- questioned STAT's projections that it would respond to 500 calls per year.

"You don't generate more business just by being here. Trauma is trauma," said Wissler. But he said he welcomed the convenience of having a chopper so close.

STAT brought North Dansville community leaders to Pittsburgh to tour STAT's headquarters, and touted its airship as able to fly farther and take on heavier patient loads than those of its rivals,
according to interviews with North Dansville leaders, news reports and documents filed with public authorities. STAT officials vowed at a public hearing they had never closed a base.

In April 2006, Bothwell stood in front of a gleaming helicopter at an inaugural ceremony in front of Noyes hospital. Residents took helicopter rides, and Livingston County Administrator Nick Mazza recalled STAT officials repeating an oft-heard refrain: "Once we go into a community, we're there for the long haul."

Wissler said some of the assertions, such as the ability to fly in bad weather when other services could not, "didn't always prove to be true." Then in November, a STAT helicopter based in Sayre was damaged in a "hard landing" in Harrisburg and taken out of commission, according to the Federal Aviation Administration.

Rumors circulated that the North Dansville chopper would be temporarily deployed to Sayre. People in Livingston County say they never saw it again.

Mazza said he peppered STAT's headquarters with unreturned phone calls seeking an explanation, and finally reached Bothwell by cell phone. "He told me the business case they put together didn't work. They didn't have the call volume they had anticipated, and they were losing a lot of money."

Disappointing decisions

Back in Ohio a few weeks later, the owner of Smith Ambulance in New Philadelphia heard something similar from Bothwell.

"He said the board said they were like 50 or 60 calls short of expectations that year," said Robert Smith, head of the ground ambulance company 100 miles west of Pittsburgh. "I got the impression (leaving the base) was the board's decision, not his personal wish."

Smith said he had invested about $70,000 to ready a helipad and crew quarters for STAT's crew. But with Crane's MedFlight picking up the slack and readying to move into STAT's old digs this summer, Smith is philosophical.

"They didn't really give me much notice," he said of STAT. "But I really enjoyed working with their crew, their PR and outreach. They're just great people."

Emergency medical providers at Robert Packer Hospital in Sayre got six months' notice. Hospital spokeswoman Kathy Lewis said the facility is disappointed by STAT's departure.

"We thought it was a very positive relationship," Lewis said.