



**MEMORANDUM**

DATE: February 19, 2014

TO: Finance Committee  
Supervisor Mary N. Piepho, Chair  
Supervisor Federal D. Glover, Vice-Chair

FROM: Jeff Carman, Fire Chief

SUBJECT: First Responder Fee

---

**RECOMMENDATIONS**

1. **APPROVE** the adoption of an ordinance that will allow the Contra Costa County Fire Protection District (District) to collect a "first responder fee" for the assessment and treatment of medical patients. Adopting this ordinance will allow the District to obtain a National Provider Identification (NPI) number. This is a unique 10-digit identification number issued to health care providers in the United States by the Centers for Medicare and Medicaid Services (CMS). It is used by other payers, including commercial healthcare insurers, for billing purposes. Once the District is issued its number, and processes are defined, it can begin to bill for reimbursement at the established rates for services provided.
2. **APPROVE** the \$416.14 "first responder fee" that will allow the District to bill patients for patient assessment and treatment provided at the scene. It is anticipated that the fee will change annually based on District costs.
3. **DIRECT** the Fire Chief to prepare a staff report on the Committee's recommendations to be submitted to the Board of Supervisors for their consideration.

**BACKGROUND**

Chapter 7, Finance, Section 13892 of the California Health and Safety Code, Part 2.7, Fire Protection District Law of 1987 states: *If the district board determines that the amount of revenue for the coming fiscal year will be inadequate to meet the amount of expenditures needed to protect life and property, the preliminary budget shall propose methods of raising*

*adequate revenues or reducing services.* Since 2008, the District has taken a number of steps to reduce expenses. This includes compensation concessions by employees, elimination of positions, keeping positions vacant, reduction in operating costs, deferring capital expenditures, utilization of reserve funds, and leveraging grant opportunities. Since January 2011, the District was required to de-staff seven operational units and close five fire stations. The District has reduced service coverage to precarious levels and must explore methods of raising adequate revenues to provide essential services to the nine (9) cities and unincorporated areas the District protects.

Chapter 8, Alternative Revenues, Section 13916(a) of the California Health and Safety Code, Part 2.7, Fire Protection District Law of 1987 states: *A district board may charge a fee to cover the cost of any service which the district provides or the cost of enforcing any regulation for which the fee is charged. No fee shall exceed the costs reasonably borne by the district in providing the service or enforcing the regulation for which the fee is charged.*

Lastly, in case law, the Superior Court of Los Angeles County ruled that counties are mandated to provide emergency indigent care to all persons found within the county. The cases of reference are *Viloria*, 1969, *Lomita I*, and *Lomita II*.

The Contra Costa County Fire Protection District is an all-hazards (fire, rescue, and emergency medical services) response organization that serves a population of approximately 600,000 residents in a 304 square mile service area. The District responds to over 50,000 requests for service every year. Of those requests for service, over 35,000 of them are medical responses of some type. Since 2008, the District has experienced a precipitous decrease in funding and a significant increase in expenses. A number of factors have contributed to this fiscal crisis including the global recession, a cumulative (2008-2012) decrease in property tax revenue in excess of \$32 million, exponential increases in pension and health care costs, and the diversion of over \$12 million annually to redevelopment agencies. Additionally, a special tax ballot measure (Measure-Q) failed to meet the “super majority” threshold required for passage. As noted in the introduction, the District took a number of steps to reduce expenses prior to service reductions. The District’s revenue is primarily based on property tax assessments. This sole revenue source leaves the District particularly vulnerable to downturns in the economy. Determining alternate sources of income in order to diversify the revenue stream must be a priority in the District in order to provide critical services to the community.

The District currently operates 23 companies. Each unit is staffed with a minimum of one certified paramedic and two certified emergency medical technicians. Paramedics provide advanced life support (ALS) care such as intravenous (IV) fluid therapy, intubation, administration of drugs, electro-cardio conversion, etc. Emergency medical technicians (EMT) provide basic life support (BLS) care such as oxygen therapy, injury/wound management, patient packaging, operation of an automated external defibrillator (AED), etc. While the

primary mission and responsibility of the District is to provide fire suppression and rescue services, the fire service is ideally positioned to provide additional essential services such as response to medical emergencies due to the geographical locations of the fire stations. Including the already existing fire resources into the medical resource pool with ambulances provides a faster response time in over 50% of the incidents. This system is the foundation of EMS delivery to the community that leverages all available resources and maximizes efficiency.

When a medical emergency occurs, both a fire resource and transporting ambulance are dispatched to the incident. Dispatching both resources insures that the patient receives the quickest care possible. Fire-based first responder paramedics have positive impacts on patient care and survival in Contra Costa County on a daily basis, but because medical first response is not part of the tax base supporting the fire department a cost recovery program is needed. Once patient contact is made and the crew provides medical assessment and/or treatment, the District will submit a billing statement to the patient's health care provider for reimbursement of the cost of service. A *first responder fee* will be charged to patients that are evaluated/treated and transported. A *treat and release fee* will be charged to patients that are evaluated/treated but not transported. This practice is commonplace locally and throughout the state.

There are many different methods utilized by jurisdictions to provide fire protection and EMS delivery. In some communities, the fire department serves as a first responder and in others they provide first responder service as well as transport services. For example, the Sacramento Metropolitan Fire District has implemented a fee structure to "defray the costs of ambulance, medical aid, and rescue responses and other related services furnished by the district." The fees and charges imposed by this ordinance are for the purpose of meeting operating expenses including employee wage rates and fringe benefits; purchasing or leasing supplies, equipment or materials; meeting financial reserve needs and requirements; obtaining funds for capital projects necessary to maintain service within existing service areas. The fee for first responder (engine company) services or "treat/no transport" services within their district is \$275.58.

The Novato Fire Protection District is a transport agency that charges their residents a transport fee, but when the district sends an ALS engine into a neighboring jurisdiction to assist, they obtain billing information and bill the patients' health insurance for first responder fees. This process has been successful since 2005 and their fee is \$425.16.

In Contra Costa County, the Moraga-Orinda Fire District (MOFD) has a fee schedule established not only for their transport service, but for first responder service when patients refuse transport. When an MOFD engine arrives at the scene and performs a patient assessment and the patient refuses services, the district charges a fee of \$316.50. This process has been in place since 2011. For the San Ramon Valley Fire District, the fee is \$450 per incident.

There are a variety of other fire departments and EMS reimbursement systems across the state. Those systems are similar to what the District is proposing and a summary can be provided if desired.

The Centers for Medicare and Medicaid Services established the standard for medical service billing; all other insurance providers follow this standard. Medicare defines seven levels of service that are billable. Of the seven (7) levels, one specifically addresses patient assessment which reads *“defined as an assessment performed by an ALS crew as part of an emergency response that was necessary because the patient’s reported condition at the time of dispatch was such that only an ALS crew was qualified to perform the assessment. An ALS assessment does not necessarily result in the need for ALS level of service.”* This definition clearly details one of the primary roles of fire-based paramedics on first responder units. *There is also no mention of transport.* It is notable that reimbursement from Medicare and Medicaid must be linked to transport services. However, all other carriers will provide some level of reimbursement for first responder assessment fees based on the above defined criteria.

Insurance companies’ interest in sustaining first responder services is due to the improved patient outcomes from early interventions by trained healthcare providers. Simply put, it costs less in the long run to have quality care early in a medical emergency. Additionally, if a first responder determines that the patient does not need to be seen in an emergency department, it nets a cost savings to the healthcare provider.

In addition to the discussion above, the Center for Medicare and Medicaid Services recently approved reimbursement for public agencies that provide ground-based medical transportation (GEMT) for Medi-Cal patients. Within the year, it is anticipated that non-transporting fire departments will also be eligible for reimbursement from Medi-CAL patients, providing additional revenue to the District for providing our EMS services to the community. However, to be eligible for the GEMT reimbursement, agencies must have a cost recovery/reimbursement system in place.

Several options for billing exist through third-party services. A competitive bid from several third-party billing providers will identify a competent billing party. Billing companies generally base their cost on the rate of collections or amount of collections. The going rate is roughly 5% of the collected revenue.

While billing insurance companies for fire services will help ease the financial pressure on the District, the program does not seek to recover costs from citizens or business owners themselves. The billing agent sends a courtesy copy of the fee invoice to individuals for whom service was provided, but this is only to inform the individual that the District has billed their insurance provider. For individuals with health insurance, their companies will be billed a first responder fee. Under the Fair Trade Act, providers do not have discretionary billing privileges;

all responses where an ALS assessment is performed will receive a bill for services rendered. A “compassionate” billing concept will be addressed in a more clearly defined billing process later, and it will be the District’s policy to accept the insurance payment as payment in full. In cases where patients do not have health insurance, the patient will not be held responsible for payment.

In 2012, the District responded to 35,000 calls for medical first response. On average, a medical first response call lasts approximately 20 minutes. This totals approximately 11,666 EMS hours in 2012.

Taking 11,666 hours multiplied by \$227.00 (hourly cost to operate a 3-person engine company) = \$2,648,182/year, EMS cost. Annual operating costs of apparatus, medical equipment usage, and EMS supplies were added (\$264,818.20) bringing the annual costs for EMS first response to \$2,913,000.20.

Assuming a conservative cost recovery rate for first responder fees of 20%, the District could expect to collect on approximately 7,000 patients annually. Dividing the annual EMS costs amongst 7,000 patients totals a per call fee of \$416.14.

Historically, the District has provided fire suppression and first responder emergency medical services as a part of the normal package of services funded by property taxes rather than fees. However, as the cost of providing services continues to rise and local governments face difficulty funding basic services, fire agencies in California and across the nation have begun to examine and enact fees for a variety of services previously supported by taxes only. The principal rationale for fire service fees is that local government fire department services have expanded well beyond the traditional fire suppression generally supported by property taxes. The change in balance from fire suppression to medical services has shifted the rationale for financing fire department operations from primarily property-related taxes to a combination of property taxes and user fees. Property taxes are appropriate for providing funding for the basic response capacity of the department, while user fees are appropriate for non-traditional services that are provided to individuals rather than the entire community. Adopting this fee-for-service program won’t completely remedy the financial issues that lie ahead, but will help to create a more sustainable organization into the future by providing revenue sources aside from property tax.

### **Recommendations:**

The District recommends that the Finance Committee authorize the development of a cost recovery ordinance, adopt a first responder fee, and implement a billing process so that the District can begin to recover some of its EMS operating expenses and work towards diversifying its revenue stream. This practice is already widespread throughout the state and is expanding

elsewhere in our country. While the actual returns are somewhat unpredictable, it is critical for the District to obtain reimbursement where it is reasonable and prudent. This action is supported by the California Health and Safety Code as well as case law. It is expected by insurance companies and is common practice in a multitude of other fire agencies across the state as well as the nation.