



Contra
Costa
County

To: Contra Costa County Fire Protection District Board of Directors
From: Jeff Carman, Chief, Contra Costa County Fire Protection District
Date: December 8, 2015

Subject: Cost Recovery for Emergency Ambulance Services

RECOMMENDATION(S):

A. OPEN the public hearing on the following two ordinances:

1. Ordinance No. 2015-24, an urgency ordinance authorizing the Contra Costa County Fire Protection District to charge emergency ambulance services fees on and from January 1, 2016, through January 7, 2016.

2. Ordinance No. 2015-25, an ordinance authorizing the Contra Costa County Fire Protection District to charge emergency ambulance services fees beginning January 8, 2016.

B. RECEIVE testimony and CLOSE the public hearing.

C. ADOPT Ordinance No. 2015-24, which becomes effective immediately and continues in effect through the end of the day on January 7, 2016.

D. ADOPT Ordinance No. 2015-25, which becomes effective on January 8, 2016.

APPROVE

OTHER

RECOMMENDATION OF CNTY
ADMINISTRATOR

RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **12/08/2015** APPROVED AS RECOMMENDED OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, Director
Candace Andersen, Director
Mary N. Piepho, Director
Karen Mitchoff, Director
Federal D. Glover, Director

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: December 8, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Jeff Carman, Fire Chief (925) 941-3500

By: June McHuen, Deputy

cc:

FISCAL IMPACT:

The ordinances will allow the Contra Costa County Fire Protection District to recover the costs associated with the provision of emergency ambulance services in Emergency Response Areas (ERAs) 1, 2, and 5 within Contra Costa County effective January 1, 2016.

BACKGROUND:

On February 27, 2015, the Contra Costa County EMS Agency (CCCEMSA) posted the 2015 Contra Costa County Request for Proposals (RFP) for Emergency Ambulance Service for ERAs 1, 2, and 5 within the County. The deadline for receipt of the proposals was May 21, 2015. A single proposal was submitted jointly by the Fire District and American Medical Response West (AMR). The Fire District and AMR worked cooperatively as the "Alliance" to submit their proposal in which the Fire District will contract with the County for the provision of emergency ambulance services with AMR as its subcontractor.

The Alliance bid was subsequently reviewed and scored by a multi-disciplinary proposal review panel. Concurrent with the RFP review panel process, an independent financial analysis and report was conducted by the County Administrator's consultant Citygate Associates, LLC, and delivered to the Board of Supervisors on July 21, 2015.

On July 21, 2015, the Board of Supervisors approved the Health Services Director recommendation to award the emergency ambulance services contract to the District and directed staff to commence with contract negotiations between the District and CCCEMSA and return with a negotiated contract for final approval. After several months of negotiations, a final contract was submitted for Board approval on November 17, 2015.

Exhibit D of the contract between Contra Costa County and the District establishes the Service Rate Schedule for emergency ambulance services. These are the rates at which patients will be billed effective January 1, 2016, for the District's delivery of emergency ambulance services.

The rates stated in the Service Rate Schedule were established by CCCEMSA with input from their RFP consultant, Fitch and Associates. A number of factors were considered in establishing the rates. Some of those factors include historical rate trends, transport volume, projections regarding current and future costs of providing ambulance services (including subcontractor and billing costs), projections regarding net collection rates based on the current payer mix in Contra Costa County, potential deteriorations of net collections due to changes in the payer mix, reimbursement caps in lower-paying government plans (e.g., Medi-Cal and Medicare), potential decreasing ambulance payments rates in commercial plans, the proliferation of high deductible plans, potential future changes in federal and state health care and health insurance laws, and the need to establish a significant reserve fund to provide some insulation from the aforementioned risks.

To determine the District's emergency ambulance response base rate of \$2,100 and mileage rate of \$50 per patient transport mile, CCCEMSA and its consultant reviewed the ALS 1 emergency base rate and loaded ambulance mileage rate currently being charged by AMR under its current contract with the County, and recommended a 10% increase. CCCEMSA recommended no change to the oxygen administration charge, and that it should remain \$175 in 2016.

To determine if the Alliance model would be sustainable at the CCCEMSA-established rates, the District projected: (1) the number of unit (ambulance) hours needed from AMR per week (based on 2015 data) to perform under the emergency ambulance services contract; (2) the estimated average patient charge per transport; (3) the estimated net collection rate for patients receiving emergency ambulance services in Contra Costa County (4) the cost of collecting emergency ambulance services fees billed; (5) the ambulance unit hour fee paid to AMR by the District; and (6) the District's administrative staffing costs to deliver emergency ambulance services. Some of the foregoing projections were provided by Citygate Associates in its independent financial analysis and report to the Board of Supervisors.

While this analysis contains a number of assumptions, which are necessary due to the nature of the variation in recovery rates and other factors, the analysis indicates that the emergency ambulance services fees will allow District to recover its reasonable costs of providing emergency ambulance services. As recommended by Citygate Associates, the District intends to establish a reserve fund of six months of revenues plus a capital equipment replacement reserve.

Adoption of Ordinance No. 2015-24 is necessary to avoid a threat to the public health, safety, and welfare that would result if the District cannot begin billing patients receiving emergency ambulance services until January 8, 2016. The District's contract with the County for the provision of emergency ambulance services is effective January 1, 2016. If the District were only to adopt an emergency ambulance services fee ordinance on a non-urgency basis, it would not be able to begin billing patients receiving emergency ambulance services until 30 days after adoption of the ordinance; i.e., January 8, 2016. Because of the high volume of emergency ambulance service calls provided by the District, it would forego a significant amount of revenue if it could not bill emergency ambulance service patients for emergency ambulance services until January 8, 2016. The failure to enact Ordinance No. 2015-24 may prevent the delivery of emergency ambulance services in ERAs 1, 2, and 5 of the County, and prevent the District from paying AMR as its ambulance services subcontractor between January 1, 2016, and January 7, 2016.

CONSEQUENCE OF NEGATIVE ACTION:

If the Ordinance No. 2015-24 and Ordinance No. 2015-25 are not adopted, the District will not be able to recover its costs of providing emergency ambulance services under its contract with the County.

CHILDREN'S IMPACT STATEMENT:

Approximately 10% of emergency medical service responses involve children under the age of 15.

ATTACHMENTS

Ordinance No. 2015-24

Ordinance No. 2015-25

CY2016 Service Rate Analysis

Service Contract: Contra Costa County and Contra Costa County Fire Protection District