



**Contra
Costa
County**

To: Contra Costa County Fire Protection District Board of Directors
From: Jeff Carman, Chief, Contra Costa County Fire Protection District
Date: April 18, 2017

Subject: Contract Amendment with American Medical Response West (AMR)

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Fire Chief, or designee, to execute a contract amendment with American Medical Response West (AMR), effective April 1, 2017, to revise the payment provisions and update Exhibit D (Ambulance Unit Hour Rates) in the Service Plan with no change to original term or payment limit, for emergency ambulance services.

FISCAL IMPACT:

The AMR ambulance unit hour rate increase is intended to be cost neutral. The District's ambulance service rates will increase by 3.8%, but only a fraction of amounts billed are actually collected. That fraction is applied to the 3.8% CPI increase to determine AMR's ambulance unit hour rate increase. AMR collects 100% of ambulance unit hours invoiced to the District.

Other factors impact District transport revenue, so in fact this action is theoretically cost neutral. Factors that impact future transport collections include transport volume, services provide (e.g., mileage and oxygen), payer mix, payment caps, and potential changes to the Affordable Care Act and other relevant legislation.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **04/18/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, Director
Diane Burgis, Director
Karen Mitchoff, Director
Federal D. Glover,
Director

ABSENT: Candace Andersen, 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: April 18, 2017

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

Contact: Lewis Broschard, Deputy Fire
Chief (925) 941-3501

By: June McHuen, Deputy

cc:

Based on the formula included in the Service Plan, after Dispatch and SSM costs are removed, the Ambulance Unit Hour Rates will increase by an amount not to exceed 1.0108%.

BACKGROUND:

Effective January 1, 2016, the Contra Costa County Fire Protection District (District) became the exclusive operator of emergency ambulance service within Exclusive Operating Areas 1, 2, and 5 in Contra Costa County. The District contracts with American Medical Response West (AMR) for actual ambulance unit hours.

The modifications to the AMR contract are as follows:

- Service Plan Section P.1. is amended to remove AMR Dispatch and System Status Management (SSM) costs from the Ambulance Unit Hour Rate. Effective April 1, 2017, actual costs incurred by AMR for Dispatch and SSM will be invoiced to the District separately from Ambulance Unit Hours.
- Service Plan Section P.2. is amended to clarify the time period used for determining the collections rate for use in calculating Ambulance Unit Hour Rate adjustments.
- Exhibit D (Ambulance Unit Hour Rates) is replaced with a new Exhibit D reflecting new Ambulance Unit Hour Rates effective April 1, 2017. These new rates include 1) a decrease due to the elimination of Dispatch and SSM costs as a component of Ambulance Unit Hour Rates; and 2) an increase pursuant to Service Plan Section P.2. (Ambulance Unit Hourly Rate Adjustments).

Service Plan Section P.2. of the Contract between the District and AMR provides as follows:

Ambulance Unit Hourly Rate Adjustments. Beginning on April 1, 2017, and on each April 1 thereafter, the Per Unit Hour Rate will increase by the percentage equal to the product of (a) District's collection realization percentage (i.e., the percentage of patient billings actually collected) for the preceding year, times (b) the increase in the rates that the District changes for services under the CCCEMSA Contract that is based on the charges in the Consumer Price Index.

The ambulance unit hour rates are specified in Exhibit D to the Service Plan of the Contract between the District and AMR.

Under the District's Contract with the Contra Costa County Emergency Medical Services Agency (CCCEMSA), the District is also entitled to regular rate increases after the first twelve (12) month of service. The District's increase is based on changes in the Consumer Price Index, All Urban Consumers for Medical Care (U.S. city average) (1982-4=100) ("CPI"). The District's annual rate increase is the greater of three (3) percent or the increase in the CPI for the subject calendar year.

The CPI for calendar year 2016 is 3.8%; therefore, the District is requesting a 3.8% increase in its Ambulance Services Rate Schedule effective April 1, 2017.

To determine AMR's increase, 0.038 (or 3.8%) will be multiplied by the collection realization percentage for calendar year 2015. Calendar year 2015 collection data (provided by AMR) is being used for this calculation because calendar year 2016 collections are not mature (i.e., the percentage of patient billings actually collected, particularly in the last quarter of the year, will not reflect long term actual collections). Likewise, the April 1, 2018, increase for ambulance unit hour rates will be determined using the District's collection realization percentage for calendar year 2016.

Additionally, Dispatch and SSM costs are being removed from the Ambulance Services Rate Schedule effective April 1, 2017. A year of experience indicates the ambulance resource dispatching system may operate more flexibly and with a more appropriate staffing level if these costs are removed as a static component of the Ambulance Unit Hour Rate.

CONSEQUENCE OF NEGATIVE ACTION:

AMR is contractually entitled to a unit hour rate increase on April 1, 2017. The District will not have an accurate ambulance unit hour rate schedule embedded in the service contract without approval of this action.

ATTACHMENTS

Exhibit D Redline Eff 4-1-17

Exhibit D Final Eff 4-1-17