



**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 10, 2018

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, 2018, 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 special unit hour rate increase is estimated to cost the District approximately \$1.8 million annually. This cost will depend on actual unit hours utilized. If unit hour utilization increases, the marginal unit hour cost to the District decreases.

The contractual unit hour rate increase is theoretically cost neutral. The District's ambulance service rates will increase by 3.0%, but only a fraction of amounts billed are actually collected by the District. That fraction (the collection realization rate) is multiplied by the 3.0% CPI increase to determine AMR's ambulance unit hour rate increase. AMR then collects 100% of ambulance unit hours invoiced to the District.

Factors that impact future transport collections include transport volume, services provide

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **04/10/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

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

ABSENT: Diane Burgis,
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 10, 2018

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

Contact: Terence Carey, Assistant Chief
- EMS (925) 494-8123

By: June McHuen, Deputy

cc:

(e.g., mileage and oxygen), payer mix, payment caps, and potential

FISCAL IMPACT: (CONT'D)

changes to the Affordable Care Act and other relevant legislation.

Both rate increases are 100% funded out of the CCCFPD EMS Transport Fund.

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

The modifications to the AMR contract are as follows:

Exhibit D (Ambulance Unit Hour Rates) is replaced with a new Exhibit D reflecting new Ambulance Unit Hour Rates effective April 1, 2018. These new rates include 1) a special non-cyclical unit hour rate increase; and 2) a contractual unit hour rate increase pursuant to Service Plan Section P.2. (Ambulance Unit Hourly Rate Adjustments).

Special Unit Hour Rate Increase

The special unit hour rate increase is intended to establish a rate structure in which AMR can share in cost savings when the ambulance system is run more efficiently (i.e., at a lower number of ambulance unit hours). As the unit hours decrease, while still meeting and exceeding County performance metrics, the revised rate structure will allow AMR to recoup some additional revenue to help offset unanticipated system costs. In 2015, AMR proposed a baseline ambulance unit hour rate that would allow them to realize a 10% profit. For a number of reasons (higher than anticipated expenditures and lower than anticipated revenues), AMR has not yet come close to achieving a 10% profit. They report a 2% profit in calendar year 2016 prior to adjusting for capital investment. After adjusting for capital investment, AMR indicates they made no profit.

Contractual Unit Hour Rate Increase

The Contract between the District and the Contra Costa County Emergency Medical Services Agency (CCCEMSA) allows the District to request an ambulance service rate increase 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 percent (3%) or the increase in the CPI for the subject calendar year.

The CPI for calendar year 2017 was 2.5%; therefore, the District has requested a 3.0%

increase in its Ambulance Services Rate Schedule effective April 1, 2018. The increase was approved by the Contra Costa County Fire Protection District Board of Directors at its meeting on March 13, 2018.

To determine AMR's contractual unit hour rate increase, 0.030 (or 3.0%) is multiplied by the collection realization percentage for calendar year 2016. The District's 2016 collection realization percentage is 0.2246 (or 22.46%). This results in a unit hour rate increase for AMR of 0.006738 (or .67%).

CONSEQUENCE OF NEGATIVE ACTION:

AMR is contractually entitled to a CPI-related unit hour rate increase on April 1, 2018. The special increase is not contractual. However, upon establishing the Alliance, both the District and AMR knew the new endeavor might necessitate system and rate adjustments to meet performance requirements, provide excellent service, and build and maintain a healthy, effective partnership.

ATTACHMENTS

AMR Contract Amendment
Exhibit D Eff 4-1-18 Redline
Exhibit D Eff 4-1-18 Clean
Unit Hour Rate Worksheet