



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: **FEBRUARY 20, 2018**

DEPARTMENT: **FIRE DEPARTMENT**

FROM: **BRETT LOOMIS, INTERIM FIRE CHIEF**

TITLE: **MODIFICATION OF EMS/VAC COST RECOVERY PROGRAM**

RECOMMENDED MOTION:

A motion to approve a Resolution to:

1. Rescind Resolution no. 20872 Emergency Medical Services and Vehicle Accident Collision Cost Recovery Fee Program Billing, Collection, and Fee Forgiveness Policies; and
2. Implement a modified City of Salinas First Responder Cost Recovery Fee Program.

RECOMMENDATION:

The above recommended motions significantly changes and simplifies the current EMS/VAC cost recovery program. The recommendations eliminate any “out of pocket” financial burden on members of the community who receive a bill for emergency medical service responses. The provision for vehicle accident responses have also been changed to minimize the impacts for minor traffic collisions but keeps in place cost recovery opportunities for large or complex rescues and those that cause a longer term commitment of fire department resources. The restructured program leaves billing in place, however, for the potential future adoption by both public and private insurance companies for reimbursement for first response medical care and “treat and release” services offered by both public and private emergency response entities throughout the nation. There is a direct financial impact to the fire department of approximately \$450,000 annually that will need to be managed through the coming fiscal cycles.

EXECUTIVE SUMMARY:

The City of Salinas has provided advanced life support emergency medical services to the community for 30 years. We have also been providing basic life support emergency medical service to the City and surrounding areas since the 1950's. Various funding models have been implemented including, most recently, EMS/VAC fees. These fees do not cover the entire cost of the services provided but offset and lessen the impact to the General Fund, Measure E, and Measure G. To sustain these levels of service moving forward, commitment through policy direction and adoption of sustained funding mechanisms is necessary.

BACKGROUND:

In June of 2015, the fire department initiated, with City Council approval, the EMS/VAC Cost Recovery Program. The initial fee was established through resolution at \$341.74 after a study of direct and indirect costs for the provision of emergency medical services. Through established City of Salinas fee review policy, that amount is currently \$352.00. City Council also approved a contract with Wittman Enterprises, LLC, for billing services. Collections for the EMS/VAC fee are approximately \$450,000 per fiscal year. The final component of the program was the implementation of a fee forgiveness policy which established circumstances for reduced fees based on a number of factors. To date, no individual has been taken to collections for their inability or unwillingness to pay and no service has ever been denied because of ability to pay.

Emergency medical services is an additional duty that was placed on the fire department decades ago. As the scope of services provided by the fire department has changed with additional duties, the traditional funding models have become less abundant. A new way to offset funding for what has been proven to be a vital service to the community is through fees for service. Since the inception of the program, we have billed approximately \$4 million in services with a return of approximately \$1.2 million.

Implementation and application of this fee policy has been difficult at best. As with many fees currently assessed with various City programs, this policy is also met with much scrutiny. The emergency medical service system is the first access to healthcare for many of our most underserved community members. We have many residents who, due to their medical conditions and inability to access long term healthcare regularly and repeatedly use the services of the fire department which generates multiple bills. This policy is taxing on our responders and our community. Tragically, we have experienced people refusing the services of our first responders because of this policy. That was never the intended effect.

The ever changing landscape of healthcare in America puts our fee policy and many others like it in the spotlight. It has long been anticipated that the public/government (Medicare, MediCal, Medicaid, TriCare, etc.) insurance providers and private (Anthem Blue Cross, Anthem Blue Shield, Signa, Etc.) insurance providers would be adopting policies that would pay for pre-hospital treatment recognizing the value of emergency medical services. Such action has been taken by Anthem Blue Cross and Anthem Blue Shield effective January 1, 2018. This is a significant change in healthcare and one that is anticipated to influence the public/government insurers to adopt similar policies. The significance to the City of Salinas is that if we do not have a billing process in place when those policies are adopted, then we cannot start a billing policy to take advantage of those changes. Additionally, under current rules, we would be able to bill up to three years in the past to collect on our fees for service. Though the amount of reimbursement is not clear yet, just the adoption of a policy is a significant step forward.

In an effort to reduce the financial impact to our residents and visitors while maintaining the integrity of the billing process for potential future opportunities through insurance payments, the attached policy is being proposed (City of Salinas First Responder Cost Recovery Fee Program).

With the adoption of the original policy in 2015, community outreach was severely lacking. It is our intention to reach out to the community via several avenues. The following outreach opportunities are being organized:

1. Direct mail to all of our previous recipients a cover letter summarizing our actions and a copy of the new policy;
2. We will be directing our billing contractor to include a copy of the policy with each bill sent;
3. Our firefighter will have information cards on each apparatus to provide to each patient (or patient family) while on a response;
4. We will have an updated link on our website with a copy of the policy and a Frequently Asked Questions link;
5. Updated information will be distributed through the City's social media accounts; and
6. A press release outlining our changes for local media outlets.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

Emergency Medical Services support the following strategic plan initiatives:

- II. Safe, Livable Community
- V. Quality of Life

FISCAL AND SUSTAINABILITY IMPACT:

The adoption of this new policy reduces revenues to the EMS division by approximately \$450,000 annually. The immediate impacts to the department include not filling one (1) battalion chief position and one (1) office technician position. A number of alternative funding options are possible to include a) fully funding the EMS division through the General Fund, Measure E, and/or Measure G. All three funds currently provide some level of funding; b) Consideration of a benefit unit assessment which would grow as the city grows; and/or c) a voluntary subscription fee (most commonly found in transport agencies).

Staff is evaluating and implementing processes to take full advantage of all cost recovery options to help offset the loss incurred by this policy change. However, those few opportunities will not make up or exceed the \$450,000 estimated loss each fiscal year.

An additional fiscal impact will be an expected increase in the fee rate per billing account from our current billing contractor (Wittman Enterprises LLC). Staff will work with Wittman to manage the impacts of these potential increases.

ATTACHMENTS:

Resolution
City of Salinas First Responder Cost Recovery Fee Program