

# **REPORT TO THE CITY COUNCIL**

## ***City of Salinas, California***

DATE: April 14, 2015 (Introduction)  
April 28, 2015 (2<sup>nd</sup> Reading)

FROM: Edmond A. Rodriguez, Fire Chief

SUBJECT: **EMERGENCY MEDICAL SERVICES AND VEHICLE ACCIDENT  
COLLISION COST RECOVERY FEE PROGRAM**

### **RECOMMENDATION:**

It is recommended that the City Council introduce and subsequently adopt an ordinance implementing a Cost Recovery Program and approve a Resolution setting the fee(s) structure for Advanced Life Support (ALS) and Vehicle Accident Collision (VAC) Response Recovery Program in which health and/or automobile insurances and patient shall be billed for Fire Department responses.

### **DISCUSSION:**

At the November 18, 2014 Council Meeting, Staff presented and received permission from Council to proceed with the following:

1. Developing a cost recovery program allowing the City of Salinas, through action(s) by the Salinas Fire Department (SFD) to finalize a Nexus Study identifying cost recovery during EMS and VAC responses by the SFD; and
2. Develop the Resolution enacting said cost recoveries and implement a contractual agreement for third party medical billing of the developed fees.

In 2013, the SFD responded to over 8,178 EMS incidents and approximately 1,100 VAC responses respectively.

### **CITY OF SALINS ALS/VAC DIRECT/INDIRECT COSTS FOR THE FIRE DEPARTMENT**

Staff from the SFD, City Attorney's Office, City Finance Office, and the following agencies and entities collaborated to identify the direct and indirect costs associated with responding to and mitigating ALS EMS Incidents and VAC's:

- Sacramento Metropolitan Fire District
- Novato Fire Protection District
- Fire Recovery USA Inc.
- Wittman Enterprises LLC
- Monterey County Communications
- State of California Office of Emergency Services

Of the agencies listed below, all conducted internal analyzes to determine their costs associated with ALS and VAC responses with the exception of Cosumnes which utilized an outside consultant. Identified below are current agencies within California who have implemented ALS First Responder and VAC Cost Recovery fees through the billing of third party automobile and health insurance providers as proposed by the City of Salinas:

<b>Agency</b>	<b>ALS First Responder Fee</b>	<b>VAC Fee</b>
Alameda County FD	\$300.00	\$484.44
Novato FD (T)	\$325.00	\$325.16
Corte Madera FD (T)	\$325.16	\$325.16
Sacramento City FD (T)	\$96.00	\$96.00
Sacramento Metro FD (T)	\$275.58	\$275.58
Folsom FD (T)	\$225.00	\$225.00
Beverly Hills FD (T)	None	\$438.90
El Dorado County FD (T)	\$275.58	\$317.00
Glendale FD (T)	None	\$100.00
Cosumnes FD (T)	\$143.00	\$143.00
Corona	\$350.00	\$350.00
La Habra Heights	\$450.00	\$450.00
Loma Linda	\$300-400.00	\$300-400.00
Montclair	\$299-387.00	\$299-387.00
South Lake Tahoe (T)	\$294.00	\$294.00
San Ramon (T)	\$450.00	\$450.00
<i>Salinas FD (Proposed)</i>	<i>\$341.74</i>	<i>\$341.74</i>

T= FD Agencies who also provide EMS transportation services

The direct and indirect costs associated with ALS and VAC responses are factored on the following seven (7) areas associated with responding to, initiating care, and mitigating ALS/VAC incidents on a per call basis:

- Emergency Response Staffing Costs
- Fire Apparatus Costs
- Infection Control/EMS Supplies
- EMS Program Management
- Emergency Dispatch Fees
- City Administrative Costs
- Medical Billing Fees

#### ALS/VAC Time Studies

Staff identified, through Computer Aided Dispatch (CAD) analysis by Monterey County Communications, the average time fire crews spend on EMS and VAC incidents by collaborating on the over 8,178 EMS incidents and approximately 1,100 VAC responses for 2013. Extracted from these data points were the 1,456 cancellations enroute or no medical need upon arrival incidents. This analysis identified 6,722 electronic Patient Care Records (ePCRs [Patient Contacts]) to determine patient care was established and treatment rendered. CAD data found SFD personnel are committed to EMS/VAC responses the average of twenty-three (23) minutes not to include response and return time

to the fire station. In addition, when ALS care is initiated, follow-up to the hospital by SFD personnel is provided on many incidents.

Emergency Response Staffing Costs

In addition to an average of twenty-three (23) minutes committed to ALS and VAC incidents, SFD personnel must expend additional time on cleaning of equipment, restock of supplies and ePCR completions after the conclusion of each incident. Using all duties necessary for completion, the time study evaluated indicated a sixty minute (60) total allotment of time for ALS/VAC responses collectively. Using the current State of California Fire Agencies Office of Emergency Services (Cal-OES) rates for reimbursement, SFD staffing costs per ALS/VAC incidents are as follows:

Fire Captain	\$39.55/hour
Fire Engineer	\$33.94/hour
Firefighter/Paramedic	\$28.58/hour

60 min/per Incident:     Subtotal: \$102.07/hour

Fire Apparatus Costs

Staff calculated the average fire apparatus commitment time of thirty minutes (30) per incident also utilizing the agreed upon Cal-OES reimbursement rate(s) per hour for fire apparatus at \$90.00; the average apparatus costs are \$45.00 per incident.

Infection Control/EMS Supplies

Each incident requires minimal protective and basic emergency response supplies, which are disposable and are one-time use only. Staff utilized the mandatory fee structure for these supplies as outlined in the current County of Monterey Emergency Medical Services Agency approved patient charges of \$28.17 per incident response.

EMS Program Management

State and Local laws require ALS agencies to have management and oversight over all aspects of their ALS programs and this portion of the fee was calculated using a per call percentage of the SFD EMS Officer's position. The EMS Officer provides all SFD management and oversight of the SFD ALS Program to include, but not be limited to the following - Quality Improvement (QI), training/education, certifications, e-PCR program, medical supplies and equipment.

Emergency Dispatch Fees

The City of Salinas contracts with the County of Monterey Communications Center to provide for all emergency and non-emergency communications for the police and fire departments. Based on the current rates for service, the individual costs of providing an emergency dispatch for each ALS/VAC incident response is \$85.00 to the SFD.

### City Administrative Costs

Each year, the City Finance Department calculates the administrative costs over the cost of direct service to the public, such as the provision of EMS, based on the overhead and management provided by City Legal, Management, Finance and ancillary department costs for the provision of all city services. In Fiscal Year 14/15, City Finance identified this rate at fifteen percent (15%).

### Medical Billing Fees

Staff has identified based on the complexity of medical billing and to be in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), all related medical billing must be outsourced to a certified and qualified provider with extensive experience in the pre-hospital environment. Based on billing to be equally parted out per incident, Staff estimates this cost to be seven percent (7%) of the total costs in providing ALS/VAC emergency responses. The combined elements for full cost recovery are detailed in the chart below:

ALS/VAC Emergency Response Costs	
Captain	\$39.55 hour
Engineer	\$33.94 hour
Firefighter/Paramedic	\$28.58 hour
Subtotal	\$102.07 hour
Apparatus Rate (30 min.)	\$45.00
Infection Control	\$28.17
EMS Oversight	\$20.00
Dispatch Fee	\$85.00
Subtotal	\$280.24
Administrative Rate (15%)	\$42.03
Billing Fee (7%)	\$19.47
Total Cost per ALS/VAC Response:	\$341.74

### SFD First Responder/Vehicle Accident Cost Recovery Estimations

This completed Nexus Study provides estimated cost-recovery fees for the proposed ALS First Responder and VAC Cost Recovery fees based on a charge of \$341.74 for each SFD response. Estimations were based on the 6,722 EPCR's and 1,100 VAC emergency responses in calendar 2013 within the SFD's jurisdictional service area.

### ALS Cost Recovery Fee Projections

Projected Payer Demographics	Collection Rates	Gross Charges	Net Recovery
20% Private Insurance / 1344 Incidents	83%	\$ 456,221	\$378,663
80% Uninsured / 5378 Incidents	20%	\$1,825,562	\$365,112
<b>Projected Totals:</b>		<b>\$ 2,281,783</b>	<b>\$743,775</b>

### VAC Cost Recovery Fee Projections

VAC Cost recovery fees of \$341.74 are based on 1,100 incidents for calendar 2013:

Projected Payer Demographics	Collection Rates	Gross Charges	Net Recovery
22% Auto Insurance / 242 Incidents	8.0%	\$87,604	\$ 72,711
8% Uninsured / 858 Incidents	20.0%	\$310,596	\$ 62,119
<b>Projected Totals:</b>		<b>\$398,200</b>	<b>\$134,830</b>

### Combined Totals

ALS/VAC Projected Totals	\$2,679,983	\$878,605
Billing Service Fees (15% of Net Payments)		\$131,341
Net Cost Recovery (estimate from calendar year 2013)		<b>\$747,174</b>

### Collection/Billing Policies

In order to preserve the public trust and right to receive EMS services from the SFD, Staff has established collection and billing policies to ensure no one will ever be denied service based on ability to pay or whether they have health or automobile insurances. The ability to pay will never be a consideration for the provision of services through the SFD. The Fire Department is very clear in its determination to ensure the public welfare is maintained and enhanced with the ALS/VAC Cost Recovery Program. The guiding principles under which the ALS/VAC Cost Recovery Program is designed include:

- Ability to pay will never be considered when rendering service. No one will suffer a financial hardship as a result of ALS/VAC services provided by the SFD;
- The system of providing EMS in the SFD's jurisdiction will remain caring and compassionate;
- The SFD will continue to provide the highest quality care possible;
- Implementation of the ALS/VAC Cost Recovery Program will never diminish the type and quality of care provided by EMS providers in the City of Salinas; and
- Citizens will be asked to turn over all billing inquiries to their respective health/automobile insurers by the third party Billing Contractor.

**ISSUE:**

Shall the City Council implement the Cost Recovery and fee(s) structure for ALS and VAC Response Recovery Fees, which shall be billed to a patient or their health and/or automobile insurances when EMS and/or VAC responses are mitigated by the Salinas Fire Department?

**FISCAL IMPACT:**

Staff has identified some technology upgrades, training and equipment needed to implement this Cost Recovery Program. The funding for these items are within the current SFD budget allocation and any additional costs will be paid for by utilizing CSA-74 Funds.

**TIME CONSIDERATIONS:**

Staff recommends approval of this Cost Recovery Program. The SFD has a target date of April 1, 2015 for department wide implementation of these processes.

**ALTERNATIVES/IMPLICATIONS:**

Council may direct staff not to implement an ALS First Responder and VAC Cost Recovery program and related fee structure(s).

**CITY COUNCIL GOALS:**

The adoption by Council of an ALS First Responder and VAC Cost Recovery Fee Program supports the following Council Goals:

- Safe, livable, community
- Effective sustainable government
- Quality of life

**CONCLUSIONS:**

Adoption of an ALS First Responder and VAC Cost Recovery programs and related fee structure(s) will provide long-term fiscal sustainability of the SFD'S ALS Program. These actions will ensure access to quality pre-hospital health care in emergencies, through the 9-1-1 system public safety net, and remain a core delivery of City services. Staff highly recommends Council adopt the ALS First Responder and VAC Cost Recovery programs and related fee structure(s) within this Report.

Distribution:  
City Council  
City Manager  
City Attorney  
Department Directors

Attachments:  
Ordinance  
Resolution

**ORDINANCE NO. \_\_\_\_\_ (N.C.S.)**

**AN ORDINANCE ADDING ARTICLE I.A TO CHAPTER 13 OF THE SALINAS CITY CODE  
RELATING TO FIRE DEPARTMENT COST RECOVERY**

WHEREAS, the City of Salinas is a charter city organized pursuant to the California Constitution and as a charter city has authority over municipal affairs [Cal. Const. art. XI, §5(b), §7]; and

WHEREAS, the City of Salinas operates a Fire Department that provides services to the City's residents and others who pass through and around the City; and

WHEREAS, the Fire Department responds to an increasingly high volume of calls for service, including calls to car fires, motor vehicle accidents, structure fires, requests for medical service, and rescues; and

WHEREAS, the response of the Fire Department to an increasing volume of calls causes a significant drain on the personnel of the Fire Department and on the City's fiscal condition and could jeopardize the Fire Department's ability to continue providing service to all of the calls for service; and

WHEREAS, maintaining the Fire Department's ability to respond to all calls for service and the restoration of services within the Fire Department are essential for the protection of the public health, safety, and welfare of the City's residents and of others who pass through and around the City; and

WHEREAS, this ordinance authorizes the establishment of fees for recovery of costs for certain, specified Fire Department services; and

WHEREAS, the purpose of the fees authorized by this ordinance is not to secure revenue, but to recover reasonable city costs from the person who has by his or her own act or omissions necessitated the expenditure of resources by the City's Fire Department. The fees are for services provided directly to the person at fault for the incident; such services are beneficial to the person at fault in that they serve to limit the extent of the damages or potential damages arising from his or her acts or omissions. It is fair and reasonable to allocate the response costs to the person whose acts or omissions placed the burden upon the City's resources and who receives the benefits of the City's response.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF SALINAS as follows:

SECTION 1. Article I.A is hereby added to Chapter 13 of the Salinas City Code and shall read as follows:

Sec. 13-7.1. Cost Recovery.

a. Fees are established to recovery from at-fault persons the cost of services provided by the Salinas Fire Department in responding to the scene of an incident. The cost recovery fees are for

services directly beneficial to the at-fault person in that they serve to limit the extent of damages or potential damages arising from his or her acts or omissions.

b. The amount of recovery for specified fire services shall be set by resolution of the City Council, shall be based on the type and amount of services provided, and shall not exceed the recovery of the actual cost of personnel, supplies, and equipment present or used at the scene, including the City's administrative costs in effect at the time such services are provided.

c. The Fire Chief or his designee shall make the at-fault determination. In order to administer and to implement the provisions of this ordinance, the Fire Chief is authorized to adopt written rules and regulations that are consistent with the provisions of this section, including those related to billing, collection, and dispute resolution, including appeal to the City Manager or his designee or to the City Council.

d. For purposes of this ordinance, a person is "at fault" if his or her willful, reckless, or negligent acts or omissions are a proximate cause of the incident. More than one person may be considered "at fault," in which case the fees established under this ordinance shall be proportionately allocated according to the at-fault determination.

e. This section shall not apply to response costs covered by California Government Code section 53150.

f. The provisions of this ordinance are not intended to establish or to create a special relationship with any particular person or group of persons who will or who may be affected by the provisions of this chapter. This ordinance neither creates nor imposes any duty on the part of the City nor any of its departments, divisions, officials, agents or employees. Nothing in this chapter shall be interpreted as requiring or promising any response by the City or any of its departments to the scene of any incident.

SECTION 2. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The Salinas City Council hereby declares that it would have passed this ordinance, and each and every section, subsection, clause and phrase thereof not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

This ordinance was introduced and read on the 14th day of April, 2015, and passed and adopted on the 28<sup>th</sup> day of April, 2015, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Joe Gunter, Mayor



ATTEST:

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Patricia M. Barajas, City Clerk

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**AUTHORIZATION TO IMPLEMENT THE EMERGENCY MEDICAL SERVICES AND  
VEHICLE ACCIDENT COLLISION COST RECOVERY FEE PROGRAM**

WHEREAS, on November 18, 2014, City staff received direction from City Council to proceed with the adoption of an Advanced Life Support (ALS) and Vehicle Accident Collision (VAC) cost recovery program;

WHEREAS, the City of Salinas is a charter city organized pursuant to the California Constitution and as a charter city has authority over municipal affairs [Cal. Const. art. XI, §5(b), §7]; and

WHEREAS, the City of Salinas operates a Fire Department that provides services to the City's residents and others who pass through and around the City; and

WHEREAS, the Fire Department responds to an increasingly high volume of calls for service, including calls to car fires, motor vehicle accidents, structure fires, requests for medical service, and rescues; and

WHEREAS, the response of the Fire Department to an increasing volume of calls causes a significant drain on the personnel of the Fire Department and on the City's fiscal condition and could jeopardize the Fire Department's ability to continue providing service to all of the calls for service; and

WHEREAS, maintaining the Fire Department's ability to respond to all calls for service and the restoration of services within the Fire Department are essential for the protection of the public health, safety, and welfare of the City's residents and of others who pass through and around the City; and

WHEREAS, adoption of an ALS First Responder and VAC Cost Recovery program will provide long-term fiscal sustainability for the Salinas Fire Department's ALS Program.

NOW, THEREFORE, be it resolved by the Salinas City Council hereby authorizes the implementation of the Emergency Medical Services and Vehicle Accident Collision Cost Recovery Fee Program and the fees associated therewith are hereby adopted as follows:

Advanced Life Support (ALS) First Responder Fee: \$341.74

Vehicle Accident Collision (VAC) Fee: \$341.74

**PASSED AND ADOPTED** this 14th day of April, 2015 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

ATTEST:

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Joe Gunter, Mayor

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Patricia M. Barajas, City Clerk