



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: September 19, 2017

DEPARTMENT: FIRE DEPARTMENT

FROM: Edmond A. Rodriguez, Fire Chief

TITLE: ADMINISTRATIVE REPORT ON ALS/VAC COST RECOVERY

RECOMMENDED MOTION:

Council receive and accept this Administrative Report on the Salinas Fire Department (SPD) ALS/VAC Cost Recovery Program.

RECOMMENDATION:

Staff recommends Council receive and accept this report.

EXECUTIVE SUMMARY:

The SFD has been charging an applicable fee currently in the amount of \$352.00 per Emergency Medical Services (EMS) Advanced Life Support (ALS) and Vehicle Accident Collision (VAC) responses since approval by Council action in April of 2015. To date, the cost recovery initiative has provided the following net revenues for the City:

2015: \$138,596 (6 months July-Dec)
2016: \$424,625
2017: \$286,256 (7 months Jan-July)

Gross Billings:

2015: \$1.2 million (7 months June-Dec)
2016: \$1.7 million
2017: \$1.1 million (7 months Jan-July)

In November of 2015, due to impacts to Senior Citizens and those under the federal poverty threshold in the community, City Council further authorized significant reductions and a Fee-Forgiveness Policy. Both were implemented and reflect a fifty percent (50%) to a seventy-five percent (75%) reduction(s) to the applicable fees when a bill is received and a fee-reduction form has been generated. Both of these actions significantly reduced the proposed funding projections for the SFD Budget.

BACKGROUND:

As a result of the reductions and the Fee-Forgiveness Policy adopted by Council action in November of 2015, the SFD EMS Division and our billing contractor, Wittman Enterprises LLC, worked closely together to administer any available forgiveness or fee-reductions. Those which were warranted are detailed as follows:

Fee Reductions:

2015- 12
2016- 142
2017- 201

Fee Forgiveness:

2015- 67
2016-181
2017- 238

Although Staff is authorized by Council action to send unpaid ALS/VAC Cost Recovery fees to collections, to date, no community member billed has been placed into the collection process. State law requires the City of Salinas to bill all who receive services, but the collection of fees is at the discretion of Council. The mandate to respond to EMS incidents is vested in State law, Council action and contractual agreements with the County of Monterey.

DISCUSSION:

The \$849,477 in revenues brought in by the ALS/VAC Fee thus far have provided additional funding for the SFD Paramedic Program and along with funding through Measure V, provides for ALS personnel and equipment on all daily staffed fire apparatus, special events coverage (The Rodeo, Air Show) and provides for the first response health care needs of our community. This funding will be critical to establishing the following current and future City Council Goals:

- Implementation and funding for the Emergency Response Squad Program
- Billing, collection and health care financing experience needed to successfully bid for emergency ambulance transport for the community.
- Established billing track-record for reimbursement through the federal Medicare and Medicaid insurance systems based on changes occurring nationally.

By having this billing system in place, the upcoming changes which are being implemented in Washington, Oregon and Iowa, will allow cost recovery for fire department responses to EMS incidents as these lifesaving actions will be recognized as a fee supported reimbursement through both federal health insurance programs; Medicare and Medicaid. This change is allowing fire departments to become suppliers of health care and the cost recovery fee structure is being negotiated and implemented in these three (3) states. Once adopted, this will become a national

fee structure and past practices of the U.S. Health and Human Services allows the City of Salinas to submit for reimbursement for up to three (3) years of billings in arrears.

Since the inception of this cost recovery program, demand for EMS services by the SFD have grown dramatically as detailed below:

Total Annual EMS Responses

2014- 7,500
2015- 9,200
2016- 9,400
2017- 11,000 projected

Staff will continue to work with our billing entity in ensuring all Fee-Forgiveness and applicable reductions are made based on current City Council adopted Policy. The current Fee Forgiveness Policy mandates a 50% reduction to the fee(s) for those who have Medicare and VA as the primary insurance. For those patients whose income is below the federal poverty threshold, a reduction of 75% of the fee is applicable. A reduction of 75% of the fee is mandated for those who possess insurance through the state MediCal Program (Medicaid).

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:

The SFD ALS/VAC Cost Recovery Program supports the following initiatives of the City Council Strategic Plan:

- Safe, Livable Community
- Effective Sustainable Government
- Fiscally responsible
- Quality of Life

FISCAL AND SUSTAINABILITY IMPACT:

The SFD ALS/VAC Cost Recovery Program is an integral part of the City of Salinas's Sustainability Program and a long term funding mechanism to ensure that the community has the needed personnel, equipment and resources available to respond to life threatening medical emergencies. As demands for service are projected to increase over 40 percent (40%) in the next 3-5 years, additional critical funding sources will be relied upon to ensure SFD capacity is available to meet this demand.

ATTACHMENTS:

ALS/VAC Update PPT