



Date: April 8, 2016

To: Patrick H. West, City Manager *T.H.W.*

From: John Gross, Director of Financial Management  
Michael A. DuRee, Fire Chief /s/ *[Signature]*

For: Mayor and Members of the City Council

Subject: **Additional Information on the First Responder Fee**

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Since its introduction in October, the First Responder fee has elicited some queries and concerns. While there have been only a few complaints, they have been taken very seriously and resulted in a number of changes and improvements to City procedures and processes. This memo provides background, additional information including the status of revenue collection, how the First Responder fee is being handled by Medicare, Medi-Cal and private health insurance, and describes a number of administrative changes made to address concerns and complaints.

### **Background**

As previously reported to the City Council, the First Responder fee is a relatively common fee in local government. It is used to help recover the cost of emergency medical services. It is assessed when medical treatment or evaluation is provided by either an ambulance or a fire engine response team. The First Responder fee is assessed regardless of whether a transport is provided and is based on the cost of the service provided. The fee is not assessed if treatment or evaluation is not provided. The First Responder fee was estimated to generate approximately \$1.8 million (\$1.6 million net of costs). This estimate was based on the reported collection experience of other cities. However, the wide variation among cities made it clear that this estimate was very rough. Preliminary revenue data for the first few months in Long Beach indicates that the First Responder fee revenue may fall below the originally estimated amount. However, this is only a preliminary indication and the revenue pattern has not yet stabilized.

Paramedics follow a standard patient practice used in many cities and do not explicitly discuss with a patient/customer that they will be billed for services. This is done to ensure that patients do not put themselves at risk by refusing service. However, patients are asked to sign a "Beneficiary Signature" document. The document clearly states that the patient/customer is financially responsible and authorizes the City to try to collect from Medicare, Medi-Cal or insurance on their behalf, but they may be responsible for any balance. More information as to general communications to residents concerning this fee is provided later in this memo.

A few comments and complaints about the First Responder fee have been received and there have also been a few calls about people being surprised by the First Responder fee. The City has issued over 7,150 ambulance bills this fiscal year, all of which included First Responder fees. Of those 7,150, we have had 23 requests for a payment plan or a Hardship Waiver (0.32 percent) associated with the First Responder fee, and 10 requests associated with the Transport fee (0.14 percent). Regardless of the low level of complaints and issues and requests for financial assistance, we have evaluated the complaints and made some changes to policies and procedures as discussed in the following sections of this memo. This memo also provides more information on how First Responder fees are handled by Medi-Cal, by Medicare and by private insurance.

### **How is the First Responder fee treated under Medi-Cal, Medicare and Private Health Insurance?**

#### Medi-Cal

Customers with Medi-Cal are not billed for a First Responder fee. Although Medi-Cal does not make any additional reimbursement to the City when the First Responder fee is added to a transport bill, Medi-Cal regulations stipulate that any unpaid balance must be waived and cannot be billed to the patient. Medi-Cal will pay an allowable amount for the First Responder fee if there is no transport, and any unpaid balance must be waived by the City and cannot be billed to the patient.

#### Medicare

Medicare does not cover the First Responder fee. Supplemental Medicare insurance may or may not cover the billed cost. The City will bill the supplemental insurance if the customer provides us that information. If insurance does not cover the fee, patients will be billed by the City. The City offers a payment plan and a Hardship Waiver for those who cannot pay. Also, some significant changes and improvements to procedures are being made to better address concerns about lack of ability to make payment.

#### Private Health Insurance

Private health insurance typically (although not always) covers the First Responder fee, but the customer may have a deductible or a copay as with almost all health insurance coverage.

### **Improvements made to the Payment Plan, the Hardship Waiver, and General Communications**

The City has historically offered both a payment plan and a Hardship Waiver for ambulance services and these options are also available for the First Responder fee. Based on recent customer contacts and Councilmember inquiries, City staff have reviewed existing procedures and made, or are in the process of making, improvements to address the

comments and concerns received. Following are the changes that have either been made or are in progress:

#### Payment Plan

1. Payment plan agreements no longer need to be notarized. This greatly reduces the customer effort and inconvenience for payment plans.
2. Payment plan information is available online and will be mailed upon request. The customer does not have to come to City Hall to get a form or to submit a form. Customers are required to contact the City (phone or in person) in order to reach a specific agreement on a payment plan. The City then prepares the payment plan agreement and mails it to the customer, unless the customer chooses to come to City Hall.
3. The minimum payment amount for a First Responder fee payment plan has been reduced to \$20 per month. This reduces the financial burden on the customer.
4. Ambulance bills are being modified to make it clear that a payment plan is available if the bill cannot be paid immediately.
5. The City's ambulance billing website has been updated to make it clearer what options are available for those who cannot afford to pay.

#### Hardship Waiver

1. The Hardship Waiver form is available online and will be mailed upon request. The customer does not have to come to City Hall to get a form or to submit a form.
2. The Hardship Waiver will be revised to not imply (as it currently does) that a customer's private financial information is generally available to City employees.
3. A new Hardship Waiver practice is being piloted and will allow a customer to use a single waiver application for up to six months in the event there is more than one transport or First Responder fee within that time. The City Attorney and Director of Financial Management will evaluate the pilot process after that time.
4. Ambulance bills will be modified to make it clear that a Hardship Waiver is available to those who qualify.

#### General Communications About Ambulance and Paramedic Services

1. The City's ambulance billing website will be expanded to include a general explanation about the overall cost of ambulance and paramedic services and to explain that the associated Ambulance Service fees and First Responder fees only cover a portion of the service cost. Further, the revised site will explain that by charging for these services, the Fire Department is able to provide more services with the taxes and other City revenues than it otherwise would be able to provide. It will also explain that often these charges are covered by health insurance, Medi-Cal and, in some cases, supplemental

Medicare insurance. The site has already been modified to discuss options for those who might need a payment plan or a Hardship Waiver.

2. An informational letter will be developed to discuss both the ambulance service cost and revenue and the reason for the First Responder fee (similar to the new Ambulance Bill website information), and will also discuss options for a payment plan and a Hardship Waiver. It will also provide telephone contact information. This can be provided to anyone who has questions about the fee, why it is necessary, and what payment options exist.
3. Billing and Fire staff will be better educated about Ambulance Service funding and the background on the First Responder fee so they can answer basic questions. If there are additional questions, customers will be referred to Fire Department staff who will be able to respond in more depth. It is expected that the billing staff, with the improved training, will be able to handle most of the inquiries.

#### Billing Delays

Ambulance billings take longer to reach the customer than any other type of bill. This is often due to the fact that the City may bill insurance or Medicare before sending the bill to the customer. The bills also take significant time to prepare due to the complexity of the regulations. To some degree, the implementation of the First Responder fee and the higher volumes have caused start-up delays and the City is not fully caught up yet to its normal schedule. However, that normal schedule is still much slower than normal bill processing. The Fire Department is working to implement Electronic Patient Care Reporting that will improve the billing process significantly and help to reduce the delay in billing.

If you have any questions regarding this matter, please contact John Gross, Director of Financial Management, at (562) 570-6427 or Mike DuRee, Fire Chief, at (562) 570 2509.

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