



Date: August 31, 2017

To: Patrick H. West, City Manager *[Signature]*

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

For: Mayor and Members of the City Council

Subject: **Ambulance Transport and First Responder Fees**

This memorandum provides information regarding the Fire Department's Ambulance Transport and First Responder Fee revenues in response to questions raised by members of the City Council during the August 8, 2017 Budget Hearing and August 15, 2017 Budget Oversight Committee meeting.

Ambulance Transport Fees

The Long Beach Fire Department (LBFD) provides Advanced Life Support (ALS) and Basic Life Support (BLS) services to those who require emergency medical services. ALS units are comprised of two Firefighter/Paramedics and respond to the more serious, potentially life-threatening emergency medical incidents, such as cardiac arrest, obstructed airway, or severe trauma. BLS units are staffed with two non-sworn Ambulance Operators and respond to less serious incidents, including fractured bones, influenza, and less severe trauma patients with stable vital signs.

When emergency medical incidents require patient transport to a hospital in either an ALS or BLS ambulance, the LBFD charges a fee to recover part of the costs of providing ambulance transport services. The current fee amounts are \$1,675 for ALS and \$1,198 for BLS. As part of the FY 18 proposed budget, the LBFD is proposing to increase ALS and BLS fees by \$217 and \$105 respectively, to improve cost recovery and to bring the City's Ambulance Transportation Fees more closely in line with those set by the Los Angeles County. While the LBFD is independent of the County and has the authority to set its own fees, the County's fee schedule has historically been used for comparison purposes. With the proposed increases, the County's fees will exceed Long Beach's fees by \$216 for an ALS transport and \$104 for a BLS transport.

In FY 17, Emergency Ambulance Fees are anticipated to be approximately \$1 million over budget, but that amount is not available as it offsets payments due to the State from the overcollection of past reimbursements. The revenue overage is due to one-time State reimbursements received in FY 17 for medical transportation from prior years now reimbursed at 100 percent, versus 50 percent, as a result of changes to reimbursement programs through the Centers for Medicare and Medicaid Services. This revenue is fully offset by the adjustments needed to correct past revenue reimbursements received from the State. In FY 18, fees are budgeted at \$12.02 million, which is a \$700,000 increase from

the FY 17 Adopted Budget. The increase reflects additional revenue anticipated from the rate increases proposed as part of the FY 18 budget. In FY 19, the LBFD will review fees in comparison to County rates and additional fee increases can be considered as part of the FY 19 budget development process.

First Responder Fee

The First Responder Fee was approved by the City Council in July of 2015, and was effective in FY 16. This \$250 fee is charged to patients that are medically evaluated and/or treated by Fire staff on a first responder unit. The fee is separate from, and in addition to, the City's Ambulance Transport Fees. As such, a First Responder Fee is charged when both needing a transport and non-transport. The amount of the fee is consistent with similar fees charged by many California agencies and assumes full recovery of personnel, apparatus, emergency medical supplies and equipment costs associated with a medical emergency response.

In FY 17, the First Responder Fee revenue is expected to exceed budgeted revenue by approximately \$600,000. This is the first full year of activity since the fee was implemented in FY 16. It is still a relatively new revenue source and collections are yet to be stabilized. Staff will continue to evaluate the revenue throughout FY 18 and any changes to the revenue estimates will be incorporated into the FY 19 budget development process. The LBFD is not proposing any increases to the First Responder Fee for FY 18.

When budgeting for revenue, the City looks at the entire fiscal picture. While this particular revenue source is up, as a whole, we do not expect additional new net revenue at this time that can be utilized for new programs or services.

Frequency and Collection Rates

Of the nearly 35,000 calls in FY 16, approximately 94 percent of patients utilized services one, or at most, two times within a year:

# of Calls for Service	# of Patients	% of Total
1 - 2	23,945	94%
3 - 5	1,306	5%
6 or More	351	1%
Total	25,602	100%

The collection rate for ambulance billing with insured coverage is about 80 to 85 percent. The overall net collection rate including MediCal, Medicare and uninsured ranges between 50 percent and 55 percent. Most collections are received within 12 months from the date of service. Uninsured patients, not supported by MediCal and Medicare, drive down the collection rate. This experience is typical and expected for the City's demographics. For those with financial hardships, the City offers hardship waivers. The City currently receives between 150 and 200 hardship requests per year, almost all of which are granted. The City has not received any complaints with regards to the hardship waiver program.

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If you have any questions regarding this matter, please contact Chief DuRee at (562) 570-2505 or John Gross, Director of Financial Management, at (562) 570-6427.

MAD:JG:DH:GA

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