



CITY COUNCIL AGENDA REPORT

MEETING DATE: JULY 6, 2004

ITEM NUMBER:

SUBJECT: POTENTIAL NEW REVENUE SOURCE – FIRE MED EMS PROGRAM

DATE: JUNE 24, 2004

FROM: FIRE DEPARTMENT/ADMINISTRATION DIVISION

PRESENTATION BY:

FOR FURTHER INFORMATION CONTACT: James M. Ellis, Fire Chief

RECOMMENDATION:

The cost to the City to provide emergency medical services continues to rise with the increasing costs related to equipment, supplies, training, and the Emergency Medical Service Continuous Quality Improvement Program. In order to satisfy necessary requirements and maintain high quality emergency medical care for the residents and visitors of Costa Mesa, the Costa Mesa Fire Department recommends that the City implement a Public Model Fire Med Emergency Medical Services program to offset these increasing costs.

BACKGROUND:

This report was prepared at the request of the City Council to examine potential new revenue sources. The Fire Department's current recommendation to establish some type of a Fire Med EMS program is consistent with what was presented to City Council on November 2, 1998. We are committed to ensuring that the citizens of Costa Mesa receive the same level of service from the City in spite of a projected substantial loss of revenue to the City.

ANALYSIS:

Within Orange County, there are essentially two types of Fire Med EMS programs:

- **The Public Model.**
- **The Private Model.**

The key difference between the two models is that in the Public Model the City owns the ambulances, and in the Private Model the City has to contract with a private ambulance provider.

Public Model: (currently in use by Huntington Beach)

The Costa Mesa Fire Department strongly recommends the Public Model for the following reasons:

1. It is substantially more effective in terms of cost recovery.
2. Promotes budgetary efficiency within the EMS program that will result in more funding possibilities for other existing programs.
3. Allows for significantly improved operational effectiveness and program flexibility.
4. Ensures a higher level of personnel performance and program accountability.

The Public Model of the Fire Med Program is a voluntary subscription program where an annual fee would cover households or businesses for Fire Department emergency medical care and transport while they are within the City's borders. In this model, the City would be responsible to purchase and maintain three (3) ambulances. In addition, private contracts would be established to provide for ambulance personnel and billing/collection.

- Annual subscription fee: \$60/per household (\$30 if hardship or low income criteria is met).
- All members of a household and any visitors will be covered.
- All emergency medical services and transport costs are covered.
- Membership in the program is voluntary. People who choose not to participate will be subject to Advanced Life Support treatment and transport fees, in addition to all ambulance related fees.
- Payment Method: Annual invoice.
- **Revenue estimate: \$750,000 annually (conservative estimate).**
- **Estimated Program Start Up Costs: \$850,000.**

Private Model : (currently in use in Anaheim, Fullerton)

The Private Model of the Fire Med Program is also a voluntary subscription program where an annual fee would cover households or businesses for Fire Department emergency medical care and transport while they are within the City's borders. In this model, the City would contract with a private ambulance company to provide patient transportation and billing/collection services.

- Annual subscription fee: \$30/per household (\$15 if hardship or low income criteria is met).
- All members of a household and any visitors will be covered.
- All Fire Department emergency medical services are covered.
- All transport and other ambulance related costs are not covered.
- Membership in the program is voluntary. People who choose not to participate will be subject to Advanced Life Support treatment and transport fees, in addition to all ambulance related fees.
- Payment Method: Annual invoice.
- **Revenue estimate: \$450,000 annually (conservative estimate).**
- **Estimated Program Start Up Costs: \$100,000.**

ALTERNATIVES CONSIDERED:

Maintain current system (no program start up costs), but with the following necessary modification:

Schaefer Ambulance Service will begin billing residents for Advanced Life Support transport fees as do all other Fire Departments in Orange County.

Currently, Schaefer Ambulance Service is allowed to bill and collect only from non-residents. This, in effect, means that the City is subsidizing the private insurance companies of residents, which account for ~80% of all patients. The result is substantial revenue and cost recovery losses annually.

By allowing Schaefer Ambulance Service to bill residents for Advanced Life Support transports, the City would recover an additional \$150,000 annually (conservative estimate).

FISCAL REVIEW:

There is no fiscal review required. Action to implement a FireMed subscription fee will increase revenues between \$750,000 and \$1,000,000 based on how such a fee was structured and actual utilization of this service over time. The majority of these charges would be borne by the patient's health insurance provide.

LEGAL REVIEW:

No legal review is required at this time.

CONCLUSION:

In conclusion, in order to satisfy necessary requirements and maintain high quality emergency medical care for the residents and visitors of Costa Mesa, Costa Mesa Fire Department recommends that the City implement a Public Model Fire Med EMS program to offset these increasing costs.

LARRY GRIHALVA
EMS Coordinator

JAMES M. ELLIS
Fire Chief

MARC R. PUCKETT
Director of Finance

TOM WOOD
Acting City Attorney