

**RESPONSES TO THE QUESTIONS ASKED AND ISSUES RAISED
AT THE 2005 JANUARY 18 CITY COUNCIL MEETING
REGARDING THE COSTA MESA EMS SUBSCRIPTION PROGRAM**

March 10, 2005

RESPONSES

1. **HOW WOULD THE EMSSP WORK WITH RESPECT TO GROUP-TYPE HOMES?**
 - a. The facility/business may purchase a business subscription that would cover the employees.
 - b. Permanent residents of healthcare-type homes may purchase a resident subscription.

2. **HOW WOULD THE EMSSP WORK WITH RESPECT TO SCHOOLS & SPORTING EVENTS?**
 - a. SCHOOLS – The Newport Mesa Unified School District may purchase a business subscription that would cover its employees. Students would be covered only if their residence is in Costa Mesa and their legal guardian who resides with them purchased a resident subscription.
 - b. FOOTBALL GAME (Example) – Costa Mesa residents who live in an enrolled household are covered anywhere within city limits. So, for example, if they go to a football game at OCC and need paramedics they will be covered.

3. **HOW WOULD THE EMSSP WORK WITH RESPECT TO NON-PROFIT/CHARITABLE ORGANIZATIONS SUCH AS SOUP KITCHENS AND HOMELESS SHELTERS** – The facility/business may purchase a business subscription that would provide coverage for its employees.

4. **WHAT IS THE CURRENT BILLING POLICY WITH RESPECT TO NON-RESIDENTS WHO CANNOT PAY, OR WHOSE INSURANCE DOES NOT COVER, THE ENTIRE FIRE DEPARTMENT FEE?** – Schaefer Ambulance Service sends a series of letters requesting payment, then the bill is sent to a collection agency.

5. **WHAT IS THE CURRENT BILLING POLICY WITH RESPECT TO PEOPLE WHO ARE HERE ILLEGALLY?** – Legal residency is irrelevant to the current billing policy. Payment is based on services rendered, not legal status.

6. **WOULD IT BE LEGAL TO WAIVE THE FEE FOR PERSONS WITHOUT INSURANCE?** – In responding to this question, it is assumed that the reference to “fee” means the proposed \$300 EMS fee. While it may be legal to waive collection of the fee on a case-by-case basis, any policy decision to automatically waive fees for those without insurance is not recommended, and would likely be illegal. Such a practice, on its face, is discriminatory against those who have insurance, may be covered by Medicare/MediCal, are self-insured or have other means of meeting this obligation. A blanket waiver would also violate federal law requiring health care providers to collect cost-sharing amounts owed by Federal health care program beneficiaries, and could constitute prohibited remuneration to beneficiaries under the Medicare Act and the federal anti-kickback statute. Under federal law, the City may waive cost sharing amounts on the basis of financial need so long as the waiver is not routine, not advertised, and made pursuant to a good faith, individualized assessment of the person’s financial need or after reasonable collection efforts have failed. Likewise, discount or waiver programs for uninsured and underinsured persons would be required to be limited those who are unable to pay their EMS bill.

7. **WOULDN’T THE SUBSCRIBERS BE SUBSIDIZING THE NON-SUBSCRIBERS?** – No.

8. **DO SUBSCRIBERS’ INSURANCE COMPANIES GET BILLED?** – Of the 10 Orange County cities with EMS subscription programs, 7 cities bill members’ insurance companies.
 - Anaheim → No
 - Buena Park → No
 - Fullerton → No

- Huntington Beach → Yes
- La Habra → Yes
- Newport Beach → Yes
- Orange → Yes
- San Clemente → Yes
- Santa Ana → Yes
- Westminster → Yes

9. **HOW DO WE KNOW WHERE TO SEND THE BILL WHEN WE CANNOT MAKE PEOPLE PROVIDE ANY IDENTIFICATION WHEN WE PERFORM THE SERVICE?** – Paramedics are required to complete a Prehospital Care Report for every patient. Part of the information obtained and documented is the patient’s name, gender, age, and address. All reasonable efforts will be made to ascertain patient identification to seek appropriate payment.
10. **HOW DOES A PERSON PROVE ENROLLMENT?** – When a person enrolls, the address would be put on a master subscriber list maintained by the Finance Department. This list would be forwarded electronically to Schaefer Ambulance Service, which does the City’s EMS billing, on a regular basis. When Schaefer is preparing bills, it would check the billing address against the master list to see if the person is a member of the program or not. If the person is a member, they would not be billed for EMS services.
- a. HYPOTHETICAL: A CMHS STUDENT IS INJURED AT SCHOOL; HIS PARENTS ARE ENROLLED – The student would provide his/her home address to the paramedics, and this address would be checked by Schaefer during bill preparation.
11. **WHAT ARE THE ADMINISTRATIVE COSTS TO THE CITY TO IMPLEMENT AND RUN THE EMSSP?** – Existing staff will do program coordination, primarily from the Finance Department. There would be a minimum marketing/advertising cost of approximately \$11,000 per year. Depending on the relative success of the marketing/advertising program, it may be necessary to adjust the budget annually.
12. **HOW IS THE FEE GOING TO BE BILLED?** – Costa Mesa residents may enroll at anytime during the year by mailing in an application with payment (cash, check or credit card). Membership becomes effective upon receipt of the application and confirmation of payment. Annual renewal memberships will be mailed to subscribers.
13. **WHAT IS THE COST INCURRED BY THE AMBULANCE PROVIDER TO DO THE BILLING?** – There is no additional cost incurred by the ambulance provider. Schaefer already has a billing mechanism in place and has been billing non-residents effectively for 3+ years. (Schaefer currently charges 7% of all collected fees.)
- The 7% administrative fee is the amount agreed upon in the original ambulance three-year contract, which began July 1, 2001 (On file in City Clerks Office). This contract provided for an automatic renewal of another three year term beginning July 1, 2004. The contract will have to be amended slightly to provide for the billing of residents in addition to non-residents. However, the “7% fee” will be the same for residents and non-residents under the contract. The 7% Schaefer Ambulance receives is from the actual amount collected. Based on a survey of other departments, the 7% fee for billing services is the market rate.
14. **HOW MUCH OF THE FIRE DEPARTMENT FEES IS COVERED BY MEDICARE?** – Medicare pays 80% of what they allow.
- For example, if the Fire Department had its own ambulance transportation system, the City would collect all of the money Medicare pays. Medicare currently pays \$310.00, 80% of the \$387.00 they allow for BLS responses. They also pay \$407.72, or 80% of the \$509.65 they allow for ALS level responses.
- However, because Schaefer Ambulance personnel are EMT’s and they transport BLS patients for us, they receive all of the \$310 Medicare allows. When there is an ALS transport, they would still receive the \$310 for the BLS level of the call and the City would receive a “differential rate” of \$120.76.

15. **WHAT IS THE SUBSCRIPTION RATE OF OTHER CITIES?** – Subscription rates vary greatly among the 10 cities that have EMS subscription programs. Factors that influence subscription rates include: Marketing and advertising efforts; Demographics; Payment methods. Here are some examples:

	SUBSCRIPTION COST	FIRE EMS FEE: NO TRANSPORT	FIRE EMS FEE: BLS	FIRE EMS FEE: ALS
Anaheim Fire Department	36	300	300	550
Brea Fire Department	-	0	0	0
Costa Mesa Fire Department	-	0	185	295
Fountain Valley Fire Department	-	0	299	549
Fullerton Fire Department	33	200	200	300
Garden Grove Fire Department	-	0	0	225
Huntington Beach Fire Department	60	0	225	325
Laguna Beach Fire Department	-	200	200	300
La Habra Fire Department	36	0	172	288
Newport Fire Department	48	0	192	312
Orange Fire Department	36	225	225	325
Orange County Fire Authority	-	0	0	282
Santa Ana Fire Department	36	108	204	325
City of Buena Park (OCFA)	36	125	125	250
City of San Clemente (OCFA)	35	0	0	282
City of Westminster (OCFA)	42	0	0	282

16. **HOW WILL LEGAL RESIDENCY BE ESTABLISHED?** – In responding to this question, staff is assuming the question of “legal residency” refers to residency in the City of Costa Mesa as a means of qualifying for the Subscription Program? There are several means of establishing residency at the time of subscribing such as a Driver’s License, utility billing, etc. While there are limitations on the City in terms of what level of identification may be demanded to establish residency, it is important to keep in mind that this is a voluntary program. The intent is to encourage members of the community to become subscribers.

17. **IS LEGAL RESIDENCY A REQUIREMENT OF OTHER CITIES?** – As with question number 16, staff is assuming the question of “legal residency” refers to legal residency within a given City for purposes of qualifying for a Subscription Program? All of the cities contacted that have established programs encourage residents to participate and utilize similar means of establishing residency for purposes of program participation.

18. **WHAT WERE THE DEMOGRAPHICS (RESIDENTS vs. NON-RESIDENTS) OF THE RESPONSES LAST YEAR?**

- 4456 = Total patients transported in 2004 (1957 BLS + 2509 ALS)
- 1671 = Total non-resident patients transported in 2004 (906 ALS + 765 BLS)
- 2785 = Total resident patients transported in 2004 (1603 ALS + 1192BLS)
- 37.5% = Percentage of transported patients in 2004 who are non-residents
- 62.5% = Percentage of transported patients in 2004 who are residents

19. **HOW WILL THE CO-PAYMENT BE CALCULATED FOR NON-SUBSCRIBERS?** – This is a function of how individual insurance policies are written and the coverage provided. Medicare and MediCal have required cost-sharing amounts owed by beneficiaries, which are established by the federal and state governments.

20. **WHAT IS THE ADDITIONAL REVENUE THE CITY WILL HAVE AFTER DEDUCTING ADMINISTRATIVE COSTS (marketing, advertising) AND OTHER OVERHEAD? (Concern apparently is that Schaefer will get most of the money from this)** – It is estimated that the additional revenue will total \$351,390. It is also estimated that marketing/advertising costs, will be approximately \$11,000 per year. Including Schaefer’s current 7% administrative fee for billing services, the estimated additional revenue net of marketing costs would be approximately \$340,000.

21. **HOW WILL ELIGIBILITY BE HANDLED WITH RESPECT TO HOMELESS/TRANSIENTS?** – Homeless and transient individuals will be treated in exactly the same manner as other people. To the extent Homeless and Transient individuals can show proof of residency similar to that noted under response 16, they will be eligible to participate.
22. **HOW DO WE CURRENTLY TREAT ILLEGAL IMMIGRANTS WITH RESPECT TO BILLING?** – Immigrancy status is irrelevant in the current billing system. Payment is based on services rendered, not legal status.
23. **WHAT IS THE CURRENT RECOVERY RATE FOR NON-RESIDENTS?** – As noted above in the response to question 18, there were 1,671 non-resident patient transports (906 ALS + 765 BLS) in 2004. Based on the current fee schedule of \$185 for BLS and \$295 for ALS calls, a total of \$408,795 would be billed to service recipients. Total collections during calendar year 2004 amounted to \$128,485 or 31.4% of the “maximum billing” amount IF the total fee were billed. However, due to coverage limitations based on contracts with hospitals, health care providers, health insurance companies, and the “sliding coverage scale” used by Medicare and MediCal, the total billings are less than the total maximum billing amounts based on the City’s fee schedule. Of all non-resident patients receiving service, 60-65% pay at least some portion of what they owe.
24. **HOW WILL YOU HANDLE EMERGENCY MEDICAL CALLS THAT OCCUR NEAR THE COSTA MESA/NEWPORT BEACH BORDER AND THE FIRST RESPONDERS ARE FROM NEWPORT BEACH FIRE?** – On the vast majority of “automatic aid” incidents where Newport Beach Fire Department paramedics respond into Costa Mesa, Schaefer Ambulance does the transport and therefore there are no problems (since they also do our billing). In very rare cases, if a Newport Beach paramedic unit (they have their own ambulances) transported a Costa Mesa resident to the hospital, then Newport Beach would bill the patient’s insurance company. If the patient was a member of Costa Mesa’s EMS Subscription Program and there were out-of-pocket expenses due, the patient would contact the Costa Mesa Finance Department to explain what happened. Our Finance Department would then contact Newport Beach Fire Department to have the out-of-pocket expenses related to the Fire Department EMS fees waived.
- a. NOTE – There is no reciprocity between cities that have EMS subscription programs. The resolution to the situation discussed above is based on custom and courtesy between cities due to the automatic aid mechanism that is a key part of the overall County EMS System: Wherever the incident, the closest and most appropriate EMS resource is dispatched, regardless of jurisdictional boundaries. However, staff suggests that the arrangement referenced here be confirmed in writing with the City of Newport beach
25. **THERE SEEMED TO BE AN EXPECTATION THAT, FOLLOWING THE PASSAGE OF THE ORDINANCE, EMERGENCY MEDICAL SERVICE CHARGES WOULD BE BILLED TO INSURANCE COMPANIES AND NOT NECESSARILY BE BORNE BY THE RESIDENTS. HOW WOULD THESE CHARGES BE BILLED? WOULD SCHAFFER AMBULANCE BILL THE RESIDENT’S INSURANCE COMPANY OR MEDICARE/MEDICAID DIRECTLY? WOULD THEY BILL THE RESIDENT, THEN EXPECT THE RESIDENT TO FORWARD THE BILL TO THEIR APPROPRIATE INSURANCE PROVIDER?** – It merits pointing out that “billed to” and “born by” are not one and the same. Whether or not an insurance provider requires some form of co-payment is a function of individual policies. When a patient is transported by Schaefer ambulance, the ambulance attendants obtain the patient’s billing information. If the patient has insurance, then Schaefer will bill the insurance company. If the patient does not have insurance, then the bill is sent directly to the patient’s residence. If the resident is a EMSSP participant, neither they nor their insurance company will be billed.
26. **CONFUSION OVER CO-PAYMENTS AND INSURANCE:**
- a. **WON’T A SUBSCRIBER HAVE TO PAY BOTH HIS/HER CO-PAYMENT AND THE \$36 ANNUAL FEE?** – No. Those subscribing to the EMSSP will not receive a bill nor will their insurance provider for emergency medical services. This program only applies to those EMS services and not to transport or treatment at the hospital.
- b. **CURRENTLY, DO NON-RESIDENTS PAY ONE CO-PAYMENT OR TWO (There is one bill, but charges for ambulance services are separate from the fire department user fees)** – Insurance companies can only demand one co-payment because Schaefer Ambulance Service combines all charges into one bill.
- c. **WOULD NON-SUBSCRIBERS BE SUBJECT TO 2 CO-PAYMENTS?** – No. See “b” above.

27. **MEDICARE/CAL HAVE MOST-FAVORED-NATION CLAUSE: YOU CAN'T BILL ANYONE LESS THAN YOU WOULD THE MEDICARE/CAL PERSON ?** – This is incorrect. Under some circumstances, such as through contractual arrangements with other governmental entities, service fees could be lower than those billed to Medicare or MediCal. Federal law prohibits medical providers from billing costs or charges to Medicare or MediCal which are “substantially in excess” of its usual charge or cost. This rule does not require providers to charge everyone the same price or to give Medicare or MediCal its “best” price.
28. **IS THE \$36.00 ANNUAL SUBSCRIPTION FEE REIMBURSABLE BY INSURANCE?** – That would depend on the individual's insurance company policy.
29. **I WENT TO NEWPORT BEACH'S WEB SITE TO REVIEW THEIR PLAN. THEY CHARGE \$48.00 PER YEAR AND ALSO CHARGE \$695.00 FOR CALLS WHERE THE ANNUAL FEE DOESN'T APPLY. THAT SEEMS LIKE A HUGE DIFFERENCE BETWEEN THEIR CHARGES AND WHAT YOU PROPOSED - MADE ALL THE MORE CURIOUS BY THE FACT THAT MOST CALLS FROM EITHER COMMUNITY WOULD BE ROUTED TO HOAG HOSPITAL. I DON'T KNOW WHICH IS MOST ACCURATE, BUT IT SURE SEEMS STRANGE FOR THERE TO BE SUCH A DIFFERENCE** – In Orange County there are 13 fire departments that serve 34 cities. In the process of researching these 13 departments and 34 cities, the Fire Department has observed that the issues of who gets billed, how people get billed, how much EMS costs, and how subscription programs are run varies greatly. It is the goal of the City of Costa Mesa to take the most effective, efficient, and fair aspects from all of these different systems and integrate them so that Costa Mesa residents have the best system. As for Newport Beach Fire Department, a key difference affecting billing rates is that they own and staff their own ambulances.
30. **AS ASKED BY OTHERS, WHAT KIND OF FEES WILL SCHAFFER AMBULANCE CHARGE FOR THE ADMINISTRATION OF THIS PLAN? WILL THE CONTRACT WITH THEM BE RE-NEGOTIATED IF THIS ORDINANCE IS PASSED? WHAT ABOUT OTHER ADMINISTRATIVE COSTS INCURRED BY CITY STAFF? HOW WILL THESE BE ACCOUNTED FOR IN THE BUDGET PROCESS?**
- a. Schaefer Ambulance will not charge any additional fees for the administration of this plan. They will continue to receive the 7% billing fee they currently charge.
 - b. This plan, if approved, would be integrated into an addendum or recital to the existing contract. Schaefer will not receive an increased billing fee over the existing 7% fee. However, the fee will be applied over a larger base which would include both residents and non-residents.
 - c. Minimum estimated marketing/advertising cost is approximately \$11,000 per year.
31. **WHAT WILL THE BOTTOM LINE BE AS A RESULT OF THIS PLAN? HOW MANY DOLLARS WILL MAKE THEIR WAY TO THE CITY'S GENERAL FUND AFTER ALL COSTS ARE CALCULATED?** – It is estimated that additional gross revenue will total \$351,390. It is also estimated that marketing/advertising costs will be approximately \$11,000 per year. This means that estimated net revenue would be approximately \$340,000.
32. **MUCH CONCERN WAS EXPRESSED BY RESIDENTS AND COUNCIL MEMBERS ABOUT PROVIDING SERVICE TO ILLEGAL ALIENS, MANY OF WHOM LIVE IN THIS CITY. IT IS A FACT THAT SEVERAL RESIDENTS LIVE IN INDIVIDUAL APARTMENTS ON THE WESTSIDE OF TOWN. HOW WOULD THESE RESIDENCES BE BILLED FOR THE ANNUAL FEE? HOW IS IT FAIR TO CHARGE THE SAME FEE FOR A 4-MEMBER FAMILY RESIDENCE THAT YOU WOULD CHARGE TO A 10-RESIDENT APARTMENT?** – All residences will be billed the same regardless of what side of town they are on, and there is no mechanism current or planned designed to verify legal residency. All people to whom the Fire Department responds receive the same high-quality emergency medical care regardless of the legality of their residency, and regardless of their ability to pay. Regarding the issue of which persons are covered in a residential membership, in all cities that have subscription programs, all permanent members of the household are covered, regardless of how many people that entails.
33. **HOW WOULD YOU BILL A FACILITY LIKE BETHEL TOWERS? I SUSPECT THERE MIGHT BE A DISPROPORTIONATELY HIGH INCIDENCE OF SERVICE CALLS THERE COMPARED TO YOUR RUN-OF-THE-MILL APARTMENT BUILDING. DO YOU OFFER THE SERVICE TO EACH RESIDENT BASED ON THEIR APARTMENT ROOM NUMBER?** – Each apartment is deemed a separate residence. Each renter has the option of purchasing a residential membership.

MISCELLANEOUS FACTS

1. There are 13 Fire Departments in Orange County:
 - Anaheim Fire Department
 - Brea Fire Department
 - Costa Mesa Fire Department
 - Fountain Valley Fire Department
 - Fullerton Fire Department
 - Garden Grove Fire Department
 - Huntington Beach Fire Department
 - Laguna Beach Fire Department
 - La Habra Fire Department
 - Newport Beach Fire Department
 - Orange Fire Department
 - Orange County Fire Authority
 - Santa Ana Fire Department

2. There are 34 cities in Orange County (for a complete list, go to <http://www.oc.ca.gov/oclinks/oclinkslocalgov.asp>).

3. 12 cities have their own fire departments. The Orange County Fire Authority serves all other cities and areas of the County.

4. 10 cities have EMS subscription programs:
 - Anaheim
 - Buena Park
 - Fullerton
 - Huntington Beach
 - La Habra
 - Newport Beach
 - Orange
 - San Clemente
 - Santa Ana
 - Westminster

5. 7 fire departments offer EMS subscription programs. (Note, the cities of Buena Park, San Clemente, and Westminster had prior EMS subscription programs before OCFA took over as their fire service provider. Although OCFA does not offer an EMS subscription program, the programs of those 3 cities have remained intact).
 - Anaheim Fire Department
 - Fullerton Fire Department
 - Huntington Beach Fire Department
 - La Habra Fire Department
 - Newport Beach Fire Department
 - Orange Fire Department
 - Santa Ana Fire Department

6. Out of the 34 cities, there are 4 cities that stand out when compared to the policies of the other 30 cities:
 - COSTA MESA & LAGUNA BEACH – The cities of Costa Mesa and Laguna Beach neither tax residents for fire department EMS, nor do they charge residents for fire department EMS.

 - BREA & GARDEN GROVE – The cities of Brea and Garden Grove both impose a direct tax on their residents to pay for EMS costs. Brea residents are therefore not billed for any fire department EMS. However, Garden Grove residents are still billed a \$225 fire department ALS fee if the patient is escorted by paramedics.

1. **MARKETING IDEAS**

- Direct mailing using tri-fold brochure that contains application
- Public service announcements on city cable channel and Comcast
- Website
- Recreation bulletin
- Homeowners' association newsletters
- Advertisements in water bills
- Brochure distributed at the Orange County Fair
- Brochure distributed at NCC, DRC, and libraries

2. **ESTIMATED GROSS REVENUE CALCULATION = \$351,390**

A. **\$210,270** = Estimated gross revenue from allowing Schaefer to bill Costa Mesa residents the BLS \$185 and ALS \$295 fire department fees.

- \$304,000 - Total revenue collected by Schaefer for Costa Mesa in 2004
- 4456 - Total patients transported in 2004
- \$177,838 - Amount of revenue from \$39.91 medical supplies fee (\$39.91 X 4456) in 2004
- \$126,162 - Amount of revenue from BLS (\$185) and ALS (\$295) fees in 2004
- 1671 - Total non-resident patients transported in 2004
- 2785 - Total resident patients transported in 2004
- \$210,270 - FORMULA → $1671/126,162 = 2785/X \rightarrow X = 210,270$

B. **\$141,120** = Estimated gross revenue from the EMS Subscription program.

- 39206 - Total Costa Mesa households in 2000 (15880 owner occupied, 23326 renter occupied)
- 3920 - 10% of Costa Mesa households
- \$141,120 - FORMULA → $\$36 \times 3920$ households

**** **NOTE:** There is no practical way to estimate what percentage of future EMS responses would be to subscription households, and what percentage would be to non-subscription households. Also, because the Fire Department does not know how aggressively the City will pursue its marketing/advertising campaign, it is not possible to provide more accurate estimates. Therefore, because there is no way to anticipate how the revenue generated from the billing of Costa Mesa residents would affect the revenue generated from the EMS Subscription Program, and vice-versa, the Fire Department has chosen to offer a reasonably conservative estimate by assuming a low 10% subscription rate.

3. **ESTIMATED MINIMUM MARKETING/ADVERTISING COSTS = \$10,670**

A. MESA CONSOLIDATED WATER DISTRICT BILLING INSERTS – \$3970

- 0.75 cents per double-sided color 8.5x11 flyer, x 15,880 owner occupied units, ÷ 3 (3 inserts per sheet, which is cut into thirds) = \$3970

B. BROCHURE w/APPLICATION CARD – \$4000

- 0.80 cents per double-sided color tri-fold brochure with detachable application card x 5000

C. OUTGOING ENVELOPE, POSTAGE PRE-PAID, w/EMSSP RETURN ADDRESS – \$2500 (5000 envelopes)

D. CONFIRMATION LETTER w/SUMMARIZATION OF TERMS – \$250

- 0.05 cents per double-sided black & white copy x 5000