



CITY COUNCIL AGENDA REPORT

MEETING DATE: August 19, 2008

ITEM NUMBER:

SUBJECT: CARE Ambulance Professional Services Agreement

DATE: August 7, 2008

FROM: Fire Department, EMS Division

PRESENTATION BY: Mike Morgan, Fire Chief

FOR FURTHER INFORMATION CONTACT: Larry Grihalva, EMS Coordinator
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RECOMMENDATION:

1. Staff recommends City Council to approve the attached Professional Services Agreement so that CARE Ambulance Company may commence emergency ambulance and patient billing services as planned on September 1, 2008.
2. Modify the terminology of the current Fire Department basic and advanced EMS (Emergency Medical Services) user fees as follows:
 - A. Change the name of the current "Paramedic, Non-Resident, Advanced" fee to "EMS ALS (Advanced Life Support)" fee.
 - B. Change the name of the current "Paramedic, Non-Resident, Basic" fee to "EMS First Responder" fee.
 - C. Re-define the advanced/ALS fee from the current \$420 to \$160. (Note: As will be explained below, this modification results in neither a fee reduction nor an increase, but rather achieves a more accurate representation of the specific services for which a patient is billed).

BACKGROUND & ANALYSIS:

1. PROFESSIONAL SERVICES AGREEMENT

On July 1, 2008, the City Council unanimously voted to authorize the Fire Department to initiate contract negotiations with CARE Ambulance Company, Inc. (1517 W. Braden Court, Orange, California, 92868), for the provision of emergency ambulance and patient billing services.

During the past month, Fire Department staff, along with the City Attorney's Office and other City staff, worked with CARE management to develop the attached Professional Services Agreement. Both CARE and the Fire Department are satisfied that the Agreement thoroughly and accurately reflects the obligations and expectations of both parties, and is constructed in a manner that will best ensure CARE ambulance operators will provide patients with the same high level of proficiency, compassion, and integrity as is provided by Costa Mesa firefighters.

2. USER FEE TERMINOLOGY

A. EMS Billing Review

There are essentially two types of charges that EMS patients are subject to: Ambulance-related fees, and Fire Department EMS fees. Ambulance-related fees are billed to all patients, both residents and non-residents, who are transported by ambulance. The County Board of Supervisors sets the maximum ground ambulance rates that may be billed (Orange County EMS Agency Policy 720.00, Section 312), which include:

- \$671.75 Emergency BLS Base Rate
- \$15.50 Mileage (per mile)
- \$76.50 Oxygen
- \$37.50 Standby (per each 15 minutes)
- \$30.00 Expendable Medical Supplies

In addition to ambulance-related fees, patients who are non-residents are also billed Fire Department EMS user fees. The City Council establishes the Fire Department EMS user fee rates, which may be found in the 2007-2008 Costa Mesa User Fees & Charges manual, page 17. The current Fire Department EMS user fees include:

1. \$420 "Paramedic, Non-Resident, Advanced" fee (a.k.a. ALS fee) – For patients who are transported *with* paramedic escort.
2. \$260 "Paramedic, Non-Resident, Basic" fee (a.k.a. BLS fee) – For patients who are transported *without* paramedic escort.

The City's contract ambulance provider company performs all EMS billing services for the City.

B. First Responder Fee

It is necessary to re-name the current basic fee to the "First Responder" fee for numerous reasons. First, the current terminology creates confusion regarding what specific services a patient is being billed for. Specifically, the terms advanced/ALS and basic/BLS denote a particular level of medical care. However, there are many times when a patient

receives ALS care on scene, but then is transported without paramedic escort. Conversely, there are occasions when patients are escorted by paramedics, but who do not require ALS-level care.

Second, federal law prohibits a private ambulance company from billing a patient two separate basic-level fees. Because the Emergency BLS Base Rate is deemed to be a basic-level service fee, a private ambulance company cannot then also legally bill a second basic-level fee for the Fire Department that exceeds the maximum allowable \$671.75.

By simply changing the name to “First Responder” fee, the above-mentioned problems are resolved. In addition, the Fire Department will be using terminology that is both consistent with national healthcare billing standards, as well as compatible with CARE’s patient billing system. Equally important, the citizens we serve will better be able to understand what they are being billed for. Indeed, the Professional Services Agreement contains the new terminology of “First Responder” fee, which includes a standardized definition of what the fee is for:

- FIRST RESPONDER FEE – A fee of \$260.00 will be charged to all non-resident patients who are transported by ambulance. This fee is intended to help offset some of the response-related costs borne by the City, including the dispatch and response of fire apparatus and professional EMS responders, in addition to all prehospital emergency medical assessment and treatment performed on scene by Fire Department personnel.

C. **Advanced Fee Rate**

It is necessary to re-define the current advanced fee rate from \$420 to \$160 because the current fee rate does not accurately reflect the specific services being billed for. Currently, non-resident patients are billed *either* a \$420 advanced fee if they are escorted by paramedics, *or* --theoretically-- a \$260 basic fee if they are transported without paramedics.

A more accurate rate schedule would consist of a First Responder fee of \$260 to help offset some of the costs associated with the EMS response itself, *and* an additional \$160 ALS fee if the patient is ultimately transported with paramedic escort to help offset the costs associated with ALS-level care provided by paramedics. Note that even though the advanced fee is re-defined from \$420 to \$160, a patient who is escorted by paramedics will still be billed \$420 total (\$260 First Responder fee, plus \$160 ALS fee). The Professional Services Agreement contains the re-defined ALS fee rate and a standardized definition of what the fee is for:

- ALS FEE – A fee of \$160.00 will be charged to all non-resident patients who are transported by ambulance with paramedic escort because their medical condition warrants ALS-level assessment and/or treatment. This fee is intended to help offset some of the costs borne by the City for providing paramedics so that the

ambulance company has the ability and authority to transport patients requiring ALS-level care.

ALTERNATIVES CONSIDERED:

Qualified staff members from multiple departments have invested numerous hours developing and negotiating the Professional Service Agreement with CARE Ambulance that includes user fee terminology that is more accurate and consistent with healthcare industry standards. Therefore, no other alternatives were considered.

FISCAL REVIEW:

No fiscal review is necessary for this item. The City provides citizens emergency ambulance services via a private for-profit ambulance company business, which also handles all EMS billing services for the City. There is no direct cost to the City for selecting or using a private ambulance company to provide emergency ambulance and patient billing services.

LEGAL REVIEW:

The City Attorney's Office drafted the CARE Ambulance Professional Services Agreement with the assistance of Fire Department and other City staff. The attached final draft of the Agreement has been approved by the City Attorney's Office, CARE Ambulance Company, and the Fire Department.

CONCLUSION:

Based on the aforementioned reasons, the Fire Department respectfully recommends that the City Council approve the Professional Services Agreement with CARE Ambulance, along with the requested modifications in Fire Department user fee terminology, so that CARE may commence emergency ambulance and patient billing services as planned on September 1, 2008.

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Deputy City Attorney

DISTRIBUTION: City Manager
Assistant City Manager
Deputy City Clerk
Staff

ATTACHMENTS: 1 [Professional Services Agreement](#)

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8-7-08 2:55 p.m.