



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 14, 2009

ITEM NUMBER:

SUBJECT: EMS Billing Modification

DATE: April 6, 2009

FROM: Fire Department, EMS Division

PRESENTATION BY: Mike Morgan, Fire Chief

FOR FURTHER INFORMATION CONTACT: Larry Grihalva, EMS Coordinator
(714) 754-5155

RECOMMENDATION:

Staff recommends that the City Council authorizes modification of the current billing system so that all persons, residents and non-residents, are billed equally for the use of Fire Department Emergency Medical Services (EMS). This modification would result in an estimated additional \$543,900 annually that would help the City offset some of the many costs associated with the vital public safety services provided by the Fire Department for the protection and preservation of life, health, and property.

BACKGROUND:

1. CURRENT EMS BILLING SYSTEM OVERVIEW

Costa Mesa Fire Department (CMFD) provides both BLS-level (Basic Life Support) and ALS-level (Advanced Life Support) emergency medical assessment and treatment for the residents and visitors of Costa Mesa. Ambulance transportation is provided by Care Ambulance Service, which has a contract with the City. Care also performs all EMS billing services for CMFD.

With regard to EMS billing, there are two categories of fees. The first category is Fire Department EMS fees, and the second category is ambulance-related fees. Costa Mesa residents are exempt from Fire Department EMS fees, but they are still subject to all applicable ambulance-related fees. Non-residents are subject to both Fire Department EMS fees and ambulance-related fees. Patients are only billed if they are transported. Patients who are not transported are not billed anything, regardless of what assessments and treatments were performed, and regardless of what supplies and equipment were used.

- A. **Fire Department EMS Fees** – Fire Department EMS fees are charged to non-residents only. People who reside in Costa Mesa are exempt from all Fire Department EMS fees. Fire Department EMS fees include the following:

- i. First Responder Fee – A fee of **\$275.00** is 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 CMFD personnel.
- ii. ALS Fee – A fee of **\$185.00** is charged to all non-resident patients who are transported by ambulance with paramedic escort. 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 to transport patients requiring ALS level care. This fee is in addition to the First Responder fee (i.e., non-resident patients transported by ambulance with paramedic escort are billed a total of \$460 in Fire Department EMS fees).

B. Ambulance-Related Fees – All patients, including Costa Mesa residents, are subject to all applicable ambulance-related fees (see chart below), the rates of which are established by the County of Orange (Ordinance #3517). Costa Mesa does not have an EMS subscription program (like in Newport Beach or Huntington Beach) that enables citizens to pay for a nominal annual membership that exempts them from all out-of-pocket expenses, including ambulance-related expenses, for use of the 911/EMS system.

TYPE OF CHARGE	BASIS FOR CHARGE	RATE
Emergency BLS Base Rate	Applicable for urgent or Code 3 response at the request of a public safety employee	\$671.75
Mileage	Per patient mile or fraction thereof	\$15.50
Oxygen	Applicable when administered	\$76.00
Standby	Per 15 minutes after the first 15 minutes and any fraction thereof	\$37.50
Expendable Medical Supplies	Maximum per response or fair market value, whichever is least	\$30.00

2. **NOTABLE ASPECTS OF CURRENT BILLING SYSTEM**

There are two notable aspects of the current billing system. The first is that under the current billing system, the City is for all practical purposes using the tax funds of Costa Mesa citizens to subsidize the federal government (Medicare), the state government (Medi-Cal), and private insurance companies. Because the current policy of the City is not to bill residents for Fire Department EMS fees, insurance companies and state and federal government end up not having to pay any money at the expense of the citizens of Costa Mesa. This issue could be easily reconciled if the City began billing all patients equally, because it would then be able to recover needed cost-offsetting funds from private insurance companies and state/federal government, to the benefit of our EMS system and the fiscal health of our City.

The second notable aspect is that Costa Mesa is one of only two cities in Orange County in which residents do not pay for actual use of the 911/EMS system, which is above and beyond the general taxes that all residents pay for the existence, operational capabilities, and ability to respond 24/7 of the Fire Department. The standard of practice in the overwhelming majority of cities in Orange County is that residents either pay an EMS-specific tax, or are billed Fire Department EMS fees when they use the 911/EMS system for an emergency.

ANALYSIS OF PROPOSED SYSTEM:

Under the current billing system, the projected annual revenue is **\$399,764.25**. Under the billing system proposed by staff in this report, in which all patients are billed equally, the projected annual revenue is **\$943,664.25**. This represents an increase of **\$543,900.00**.

ALTERNATIVES CONSIDERED:

Qualified staff have researched and reviewed this plan to confirm it would meet the objectives desired within the parameters specified. No alternatives were considered because this modification is a necessary prerequisite to correct the aforementioned problems and to achieve fairness in our billing practices.

FISCAL REVIEW:

Implementation of the proposed EMS billing modifications would generate approximately \$550,000 per year in new revenue. Resources generated through implementation of this program would be deposited into the City's General Fund and be available for appropriation for funding of the Fiscal Year 2009-2010 Operating and Capital Improvement Budget.

LEGAL REVIEW:

No legal review is required at this time. Should City Council approve the implementation of the EMS billing modifications, a fee resolution will be submitted as an agenda item at a future City Council meeting to establish the new fee schedule.

CONCLUSION:

Based on the aforementioned reasons, the Fire Department respectfully recommends that the City Council modify the current EMS billing system so that all persons --residents and non-residents-- are billed the same Fire Department EMS fees equally.

MIKE MORGAN

Fire Chief

MARC PUCKETT

Director of Finance

DISTRIBUTION: City Manager
Assistant City Manager
City Clerk
Director Finance
Staff

File Name: [040709_EMS_Billing_Modification_Staff_Report](#)

Date: [04/07/09](#)

Time: [11:45 a.m.](#)