



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 5, 2009

ITEM NUMBER:

SUBJECT: EMS Billing Process Modification

DATE: April 24, 2009

FROM: Fire Department, Administration Division

PRESENTATION BY: Mike Morgan, Fire Chief

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

RECOMMENDATION:

1. Staff recommends that City Council approve modification of the current EMS billing process so that all persons, residents and non-residents, are billed equally for use of Fire Department Emergency Medical Services (EMS). This modification will result in an estimated additional \$543,900 revenue annually that will 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.
2. Adopt Resolution approving the modification of the EMS billing process (Attachment 1).

BACKGROUND:

1. PROCEDURAL HISTORY

On 4/14/09, City Council directed staff to prepare and return for approval a modified EMS billing process that applies to all persons equally without regard to residency, as part of a comprehensive strategic plan to address the projected deficit in the City budget. Accordingly, the Fire Department presents this report and requests City Council approval for immediate implementation of the modified billing process.

2. IMPLEMENTATION OF MODIFIED BILLING PROCESS

Upon approval, Care Ambulance Service which handles EMS billing for the City will be directed by Fire Department Administration to immediately implement the modified billing process. There are no additional costs to the City associated with this modification.

3. **MODIFIED BILLING PROCESS OVERVIEW** – The only difference between the current billing process and the modified process is that billing will be applied equally to all persons without regard to residency. The modified process is summarized below:

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. 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**

- i. First Responder Fee – A fee of **\$275.00** is charged to all 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 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., patients transported by ambulance with paramedic escort are billed a total of \$460 in Fire Department EMS fees).

- B. **Ambulance-Related Fees** – All patients are subject to all applicable ambulance-related fees (see chart below), the rates of which are established by the County of Orange (Ordinance #3517). These fees are collected by the ambulance provider (Care) as payment for their service.

AMBULANCE RELATED FEES CHART

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

4. FINANCIAL HARDSHIP

The proposed modified billing process includes a mechanism to waive, reduce, or delay payment for patients who can demonstrate financial hardship. Patients who wish to claim financial hardship may contact the Fire Department, who in turn will coordinate with the Finance Department, to review the claim and determine an appropriate solution based upon the following criteria:

- A. **Poverty Guidelines** – The primary criteria to determine financial hardship will be the Poverty Guidelines established by the United States Department of Health & Human Services (DHHS), which are updated annually by the Census Bureau. All Fire Department EMS fees will be waived if the patient can demonstrate that total household income falls below the following 2009 DHHS Poverty Guideline levels:

PERSONS IN FAMILY	POVERTY GUIDELINE
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

- B. **Panel Review** – In exigent hardship situations (e.g., recent layoff, sudden illness), a City panel (e.g., consisting of the EMS Coordinator and a designated Finance Department representative) will review the merits of the claim and make a determination as to what the most appropriate solution would be, including wavier, reduction, or delayed payment.

ANALYSIS OF PROPOSED PROCESS:

Under the current billing process, the projected annual revenue is **\$399,764.25**. Under the proposed modified process, the projected annual revenue is **\$943,664.25**. This represents an increase of **\$543,900.00**. (All figures are based on an analysis conducted by Care Ambulance Service for the period of 9/1/08 to 12/31/08.)

ALTERNATIVES CONSIDERED:

Qualified staff have developed this implementation plan in accordance with the direction of the City Council. No alternatives were considered.

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. Upon City Council approval and 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:

The Fire Department recommends that City Council approve the modification of current EMS billing processes as described in this report.

MIKE MORGAN

Fire Chief

MARC R. PUCKETT

Director of Finance

DISTRIBUTION: City Manager
Deputy City Clerk
Director of Finance
Staff

ATTACHMENT: 1 [Council Resolution](#)