



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: August 3, 2010

ITEM NUMBER:

**SUBJECT:** Advanced Life Support (ALS) Cost Recovery Program

**DATE:** July 20, 2010

**FROM:** Fire Department

**PRESENTATION BY:** Mike Morgan, Fire Chief

**FOR FURTHER INFORMATION CONTACT:** Mike Morgan, 714-754-5106

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## **RECOMMENDATION:**

Adopt resolution that implements Advanced Life Support (ALS) Cost Recovery Program to maintain current level and quality of prehospital Emergency Medical Services (EMS) provided to Costa Mesa residents, without placing any additional financial burdens on Costa Mesa residents, under the following terms and conditions:

1. Costa Mesa residents will not be required to pay any costs for EMS that are in addition to whatever they would be paying under the current EMS billing system (i.e., Costa Mesa residents will not be subject to any additional costs due to implementation of this program).
2. Costa Mesa residents will continue to be exempt from paying the \$275 first responder charge (only non-residents are billed for this).
3. Care Ambulance Service, which performs all EMS billing for the City per contract, will be authorized to begin billing the private insurance companies, Medicare, or Medi-Cal, of all resident and non-resident patients, a \$300 ALS transport charge.
4. Care Ambulance Services will waive all patient co-pay and deductible charges of Costa Mesa residents that are specific to the ALS Cost Recovery Program.
5. Care Ambulance Service will waive the \$300 ALS transport charge for all Costa Mesa residents who do not have any form of medical insurance or coverage.
6. Residents will not have to do anything to obtain a waiver: All waivers will be automatically reflected in the billing statement mailed by Care Ambulance Service, which will be an amount reduced according to the amount waived.

**BACKGROUND:**

Care Ambulance Service performs all EMS billing for the City per contract. Because Care Ambulance Service is currently not authorized to bill Medicare, Medi-Cal, or the private insurance companies of residents for ALS transport, the City is in effect subsidizing these entities and losing a substantial amount of potential cost-offsetting funds in the process, to the detriment of Costa Mesa residents and the EMS system that they depend on.

Prehospital EMS is a highly specialized field of medicine, and is thus constantly changing as improved technologies and treatments are developed (e.g., 12-Lead EKG, Transcutaneous Pacing, Intra-Osseous Infusion, Capnography, Stroke Triage). There are necessarily costs associated with these new technologies and treatments, including continuous education and training, and quality assurance and control mechanisms. It is therefore imperative that the City provide reasonable cost-offsetting measures to ensure that Costa Mesa residents continue to receive the standard of care in the treatment of life-threatening or life-disabling illness and injuries.

A further, more detailed discussion of both the billing process and level of Prehospital EMS is available on the City Website from the City Council Study Session of July 13, 2010.

**ANALYSIS:**

The City’s goal in implementing the ALS Cost Recovery Program is to maintain the current level and high quality of prehospital EMS provided to Costa Mesa residents without placing any additional financial burdens on Costa Mesa residents. This program achieves that goal because it allows for an increase in revenue to provide needed funds to offset at least some of the costs of maintaining a modern EMS system, but without subjecting Costa Mesa residents to any additional costs.

Under the current EMS billing system in which Care does not bill the private insurance companies, Medicare, or Medi-Cal, of Costa Mesa residents, the City’s total estimated revenue from the ALS transport charge is \$51,000 annually (\$185 ALS charge x 688 non-resident transports @ 40% collection rate). However, under the proposed plan, the City would receive \$338,000 annually (\$300 ALS charge x 2818 resident and non-resident transports @ 40% collection rate), which represents an estimated net increase of \$287,000 in additional cost-offsetting funds that are needed to ensure that Costa Mesa residents continue to be protected by a modern, state-of-the-art EMS system.

**ALS CHARGE COMPARISON OF OTHER CARE CONTRACT CITIES:**

\$355.75	Orange County Fire Authority (22 member cities)
\$350.00	Anaheim
\$350.00	Buena Park
\$350.00	Garden Grove
\$343.25	Los Angeles County Fire Department (80 member cities)
\$343.25	Montebello
\$343.25	Santa Fe Springs

\$325.00	Fountain Valley
<b>\$300.00</b>	<b>Costa Mesa - <i>PROPOSED</i></b>
<b>\$185.00</b>	<b>Costa Mesa - <i>CURRENT</i></b>

**ALTERNATIVES CONSIDERED:**

Qualified staff from both Costa Mesa Fire Department and Care Ambulance Service have thoroughly researched and structured this program to achieve the stated goals of increasing needed EMS cost-offsetting funds without subjecting Costa Mesa residents to any additional financial burdens. Because these goals are achieved with the proposed ALS Cost Recovery Program, no other alternatives were considered.

**FISCAL REVIEW:**

While there are no indirect costs for implementation of this program, it will allow the Fire Department to retain the position of Emergency Medical Services Coordinator which was proposed for elimination from the FY 2010-11 Operating Budget. This position is important not only in terms of the provision of EMS training, materials and supplies but oversight of the ambulance services contract and billing. Retention of this position will cost \$142,725.00 with projected net savings (projected revenue minus position cost) of \$195,275.00.

**LEGAL REVIEW:**

The City Attorney has reviewed the program as proposed and has concluded that the City may lawfully adopt the cost recovery program. The City Attorney has reviewed the Resolution and approved it as to form. Care Ambulance Service is the legally recognized EMS billing entity for the City per contract, and is thus authorized to modify EMS billing at the direction of the City Council.

**CONCLUSION:**

There are many costs associated with maintaining a modern EMS system that is capable of continuous adaptation to new and improved emergency medical technologies and treatments. The proposed ALS Cost Recovery Program will enable the Fire Department to continue providing Costa Mesa residents the highest quality EMS according to the standards of care and to the level that they deserve and expect, by billing medical insurance providers directly and without any additional costs to residents. Accordingly, the City Council is requested to adopt the resolution that implements the ALS Cost Recovery Program as proposed.

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MIKE MORGAN  
Fire Chief

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KIMBERLY HALL BARLOW  
City Attorney

ATTACHMENT: 1 [Resolution to Implement the Advanced Life Support Cost Recovery Program](#)

DISTRIBUTION: City Manager  
City Attorney  
Deputy City Clerk  
Staff

File Name Advanced Life Support Cost Recovery Program

Date 7-23-10

Time 11:30 am