



Staff Report

File #: TMP-1403, **Version:** 1

MEETING DATE:

JULY 14, 2020

SUBJECT:

RESOLUTION NO. 2020-8794 - APPROVING THE ADJUSTMENT OF BASE AMBULANCE TRANSPORT RATES

Recommendation

ADOPT a resolution approving the adjustment of base ambulance transport rates.

Board or Commission Action (If not applicable, please state not applicable below)

Not Applicable

Relevant Council Strategic Theme (If not applicable, please state not applicable below)

Dynamic and Responsive Service Delivery

Relevant Department Goal (If not applicable, please state not applicable below)

Not Applicable

Executive Summary

The County of San Diego recently awarded the San Marcos Fire Department the contract to provide 9-1-1 Advanced Life Support Ambulance Services for the San Marcos Operating Area. Following the award of the contract, the Fire Department completed a survey of transport rates for both public and private transport agencies throughout the County and the North Zone. During the evaluation of transport rates, it was found that current rates and associated revenue are not consistent with similar agencies providing similar services, lag the market and do not provide an acceptable level of cost recovery. The current transport rates are the second lowest in the County and the lowest in the North Zone.

Discussion

While participating in the County of San Diego's transport services RFP process and following the award of the contract for 9-1-1 Advanced Life Support Ambulance Services for the San Marcos Operating Area, the San Marcos Fire Department conducted a review of current transport rates. Base ambulance transport rates were last updated in 2015 and there is no current cost adjusting mechanism in place to adjust to market and cost changes.

Following the award of the transport services contract, the Fire Department then conducted a comprehensive evaluation of current transport rates and how those compared to other agencies in the County and among North Zone transporting agencies. The findings of the evaluation showed that the Fire Department's current base transport rates are the lowest among all North Zone transporting agencies and

the second to lowest in the County.

In the North Zone, the current rates being charged by our partner agencies are:

Agency	Current ALS Rate	Current BLS Rate
City of Carlsbad	\$1,319	\$952
City of Escondido	\$1,668	\$1,668
City of Oceanside	\$1,875	\$1,570
City of San Marcos	\$1,255	\$915
City of Vista	\$1,769	\$1,117

In order to more closely align with surrounding agency transport rates, the Fire Department is proposing an adjustment to both the Advanced Life Support (ALS) transport rate and the Basic Life Support (BLS) transport rate.

The first piece of the adjustment is to adjust the base rate. The recommendation is to adjust our base rate to the average of the four other agencies that provide similar services in similar geographic conditions. The average rate for the cities of Carlsbad, Escondido, Oceanside, and Vista is \$1,657 for ALS transports and \$1,326 for BLS transports.

The second step in the process is to establish an annual adjustment to the rates based on a recognized industry methodology. The recommendation for this annual adjustment is to use the methodology developed and adopted by the Centers for Medicare & Medicaid Services (CMS). The CMS has established a standard Ambulance Inflation Factor (AIF) for both ALS and BLS transport rates. The AIF is a calculated percent change to payment limits for ambulance services. The AIF percentage applied to the base rates will incorporate the two AIF percentages (positive or negative) from the two calendar years that comprise of the previous fiscal year. The AIF is calculated by reducing the Calculated Percent Index for all Urban Consumers (CPI-U) by the Multi-Factor Productivity (MFP), even if this equates a negative AIF update. MFP is a measure of economic performance that compares the amount of goods and services produced (output) to the amount of combined inputs used to produce those goods and services. Inputs can include labor, capital, energy, materials, and purchased services. If a negative AIF is calculated for any given year, the Fire Department is proposing to suspend any base transport rate increase unless there are specific issues/circumstances that would necessitate a potential increase. In such a circumstance, staff will bring forward an item to Council explaining the need for an increase despite the results of the CMS methodology. If a negative AIF is calculated for two consecutive fiscal years, the ALS and BLS transport rates will be reevaluated by Fire Department staff and adjusted downward, if warranted. CMS publishes the AIF prior to the end of the calendar year, with most publications occurring in November to be effective January 1 of the following year.

Adhering to the CMS methodology, the Fire Department is proposing to adjust base ambulance transport rates by utilizing the current average ALS and BLS transport rate among North Zone agencies of \$1,657 for ALS transports and \$1,326 for BLS transports, and then applying the defined AIF effective July 1, 2020 and adjusting the rate as discussed above each fiscal year thereafter. This rate adjustment would establish

the base ALS transport rate at \$1,710 and BLS transport rate at \$1,369. The annual adjustment will ensure the base ambulance rates will track with normal economic and inflationary trends in the industry and should assist in keeping our rates more consistent with our North Zone partner agencies. Basing the annual adjustment on a recognized and well established methodology provided by the CMS removes ambiguities and keeps our rates consistent with market and economic forces. The transport rates will be adjusted every July and reported to the County per the requirements of the County transport services contract.

Environmental Review

The proposed action does not have the potential to cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and therefore does not constitute a “project” as defined by Public Resources Section 21065, and is exempt from CEQA or other environmental review pursuant to CEQA Guidelines section 15061(b)(3).

Fiscal Impact

Based on the proposed transport rate increases, if the number of ALS and BLS transports were to remain steady, there could be a potential increase of about \$450,000 in revenues.

To reflect adjusted transport rates, Staff has initially budgeted a conservative increase in revenue in the FY 2020-21 Budget. As the fiscal year progresses, additional increases to reflect updated projected revenues will also be budgeted in the FY 2020-21 Budget.

Attachment(s)

Resolution No. 2020-

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Submitted by: Heather Todd, Fire/EMS Administrative Services Manager

Reviewed by: Dan Barron, Fire Chief

Approved by: Jack Griffin, City Manager