

EMS Cost of Service Workshop

ABERDEEN CITY COUNCIL – APRIL 16, 2024



EMS Cost of Service Workshop

1. EMS Utility Rate

- Fire Department/EMS Budget Review
- EMS Utility History
- Proposed Utility Rates

2. Ambulance Rates

- Ambulance Billing Rates

1. EMS Utility Rate

EMS COST OF SERVICE WORKSHOP

APRIL 16, 2024

Fire/EMS Budget Review

EMS COST OF SERVICE WORKSHOP

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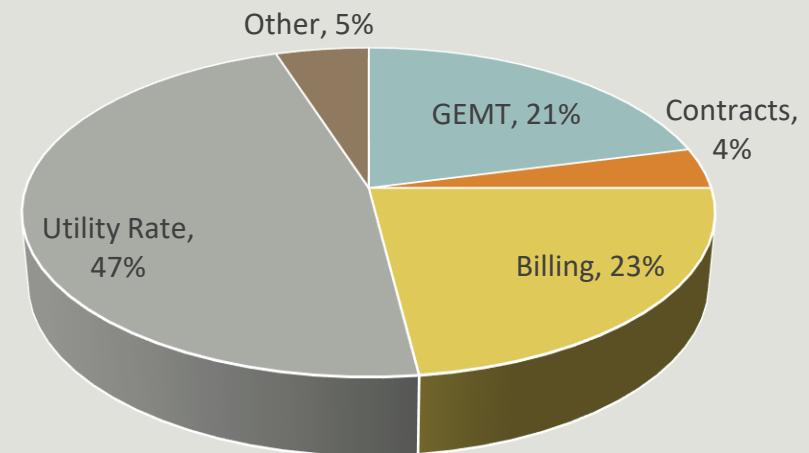
Fire/EMS Budget Review

- The Aberdeen Fire Department is funded through 2 budgets.
 - General Fund Fire 001.48
 - EMS 120.00
- General fund monies can cover EMS expenses, although EMS funds cannot pay for general fund liabilities.
- Where eligible, various expenses are allocated to both general fund fire and EMS budgets.
 - Currently 31% General Fund Fire/69% EMS.
 - Employee expenses.
 - Supplies/Equipment.
 - General operational expenses.

Fire/EMS Budget Review

- EMS utility revenue streams
 - EMS Availability Fee: Utility Rate.
 - Ambulance & Emergency Aid Fees: Billing.
 - Ground Emergency Medical Transport (GEMT) Program.
 - Ambulance Charges: EMS Contracts for Service.
 - Various smaller revenue sources.
- COVID Funds.
 - CARES.
 - ARPA.
 - GHEMS (From Grays Harbor County).
 - \$1.4M - 2020-2022, no longer receiving.
- Handout 1 – EMS Budget Review, 2018-2024

Average Revenues, 2018-2023



EMS Utility History

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Aberdeen EMS Utility History

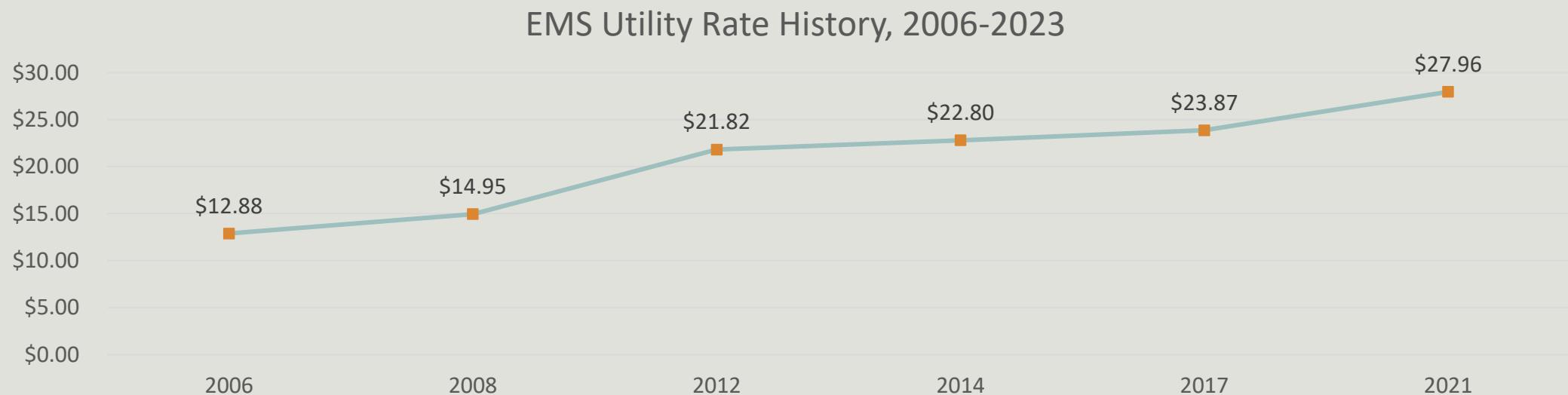
- Pre-2004
 - EMS Utility established by the City of Aberdeen.
- 2004
 - State Supreme Court invalidated City of Kennewick's utility based on rate structure.
 - Aberdeen refund program established.
- 2005
 - State legislation re-authorized cities to established an EMS utility.
- 2006
 - EMS Cost of Service Study completed to establish utility rate of \$12.88.

Aberdeen EMS Utility History

- 2010
 - Update to EMS Cost of Service Study completed.
 - City Council utilized full cost recovery model.
- 2022
 - Need identified for updated EMS Cost of Service Study.
 - Deferred until after RFA vote.
- 2023/2024
 - EMS Cost of Service Study commissioned by Aberdeen City Council.

Aberdeen EMS Utility History

- Rate increases
 - As approved in resolution form by City Council
 - Cost of Service Study
 - Budgetary needs



Proposed Utility Rates

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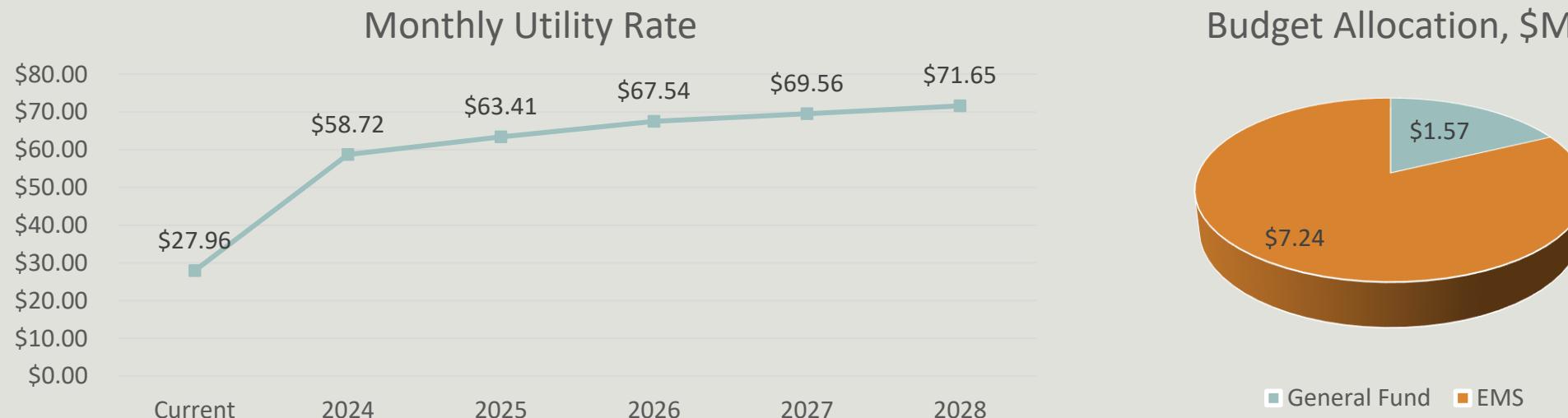
APRIL 16, 2024

Proposed Utility Rates

- As presented by FCS.
- Based on a comprehensive analysis of operational and financial data.
 - Follows the requirements of RCW 35.21.766
- Includes operational and financial assumptions over the next 5 years.
- 3 Options provided
 - Full Cost Recovery
 - Partial Cost Recovery
 - Status-Quo
- All options include a systematic use of fund balance to help reduce rates.

Proposed Utility Rates

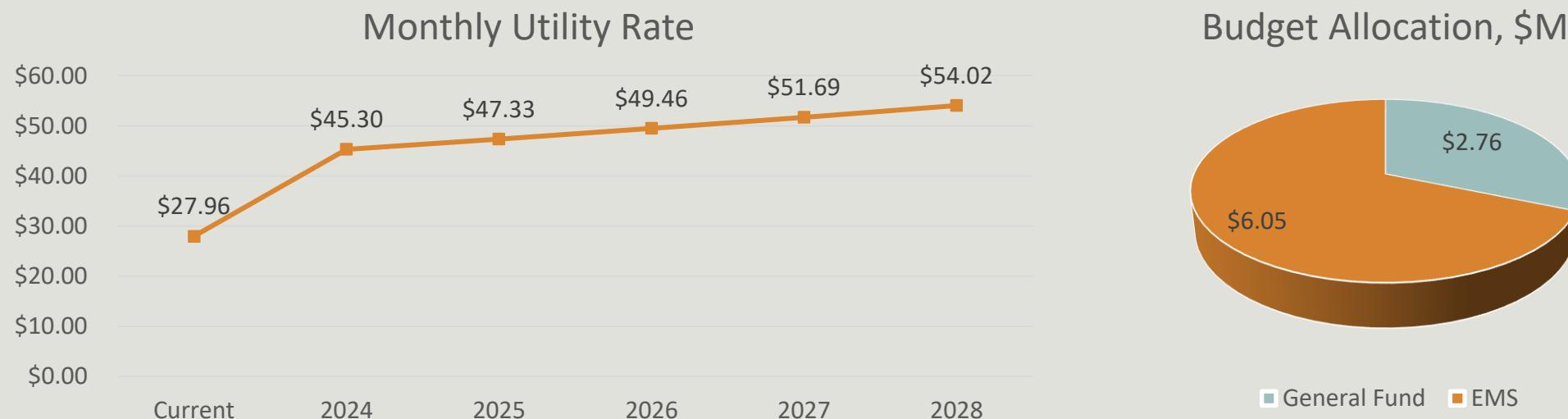
Option 1 – Full Cost Recovery



- \$2.11M reduction in General Fund subsidy (Option 3/Status Quo)
- Allocation Rate for eligible expenses: 18% General Fund/82% EMS

Proposed Utility Rates

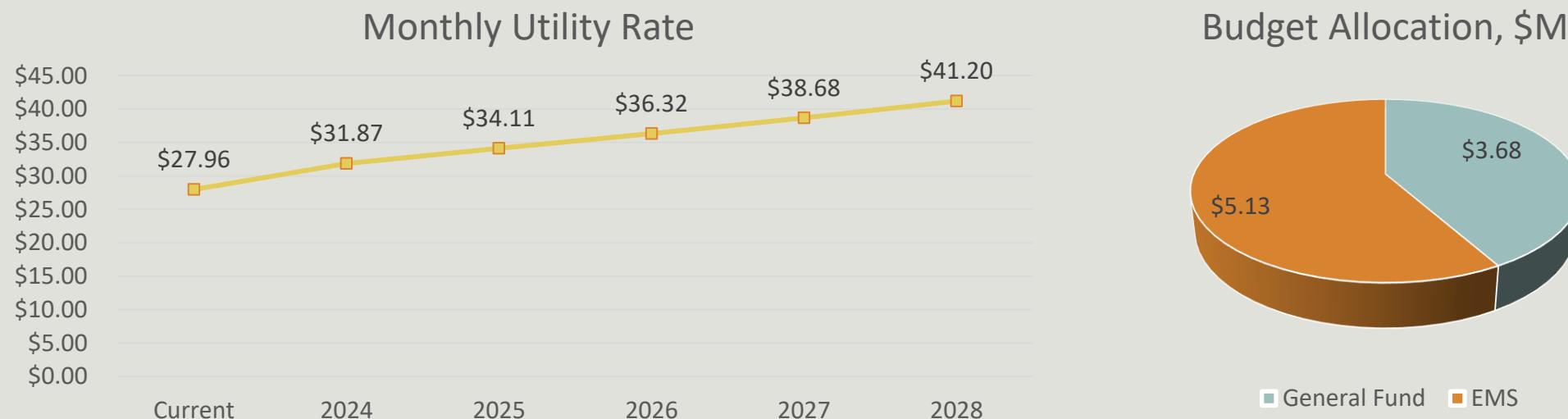
Option 2 – Partial Cost Recovery



- \$0.92M reduction in General Fund subsidy (Option 3/Status Quo)
- Allocation Rate for eligible expenses: 31% General Fund/69% EMS

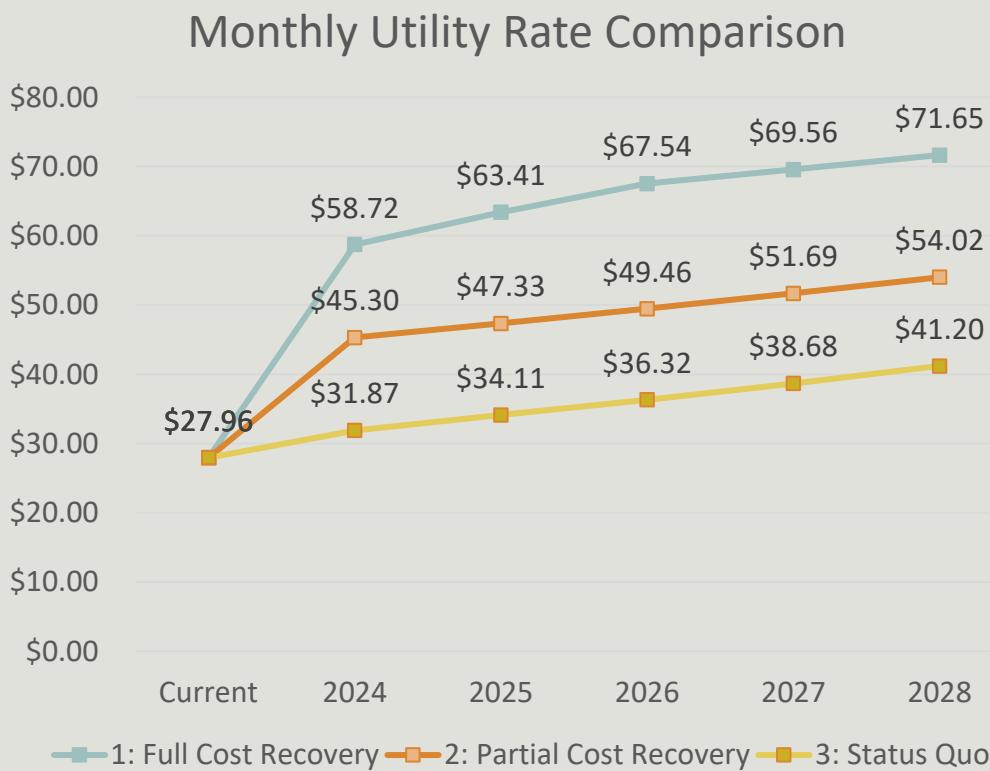
Proposed Utility Rates

Option 3 – Status Quo

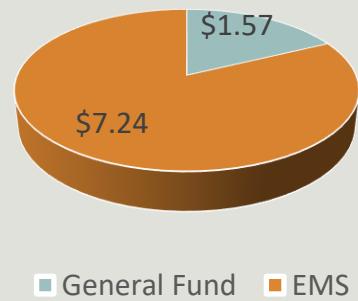


- No reduction in General Fund subsidy.
- Allocation Rate for eligible expenses: 42% General Fund/58% EMS

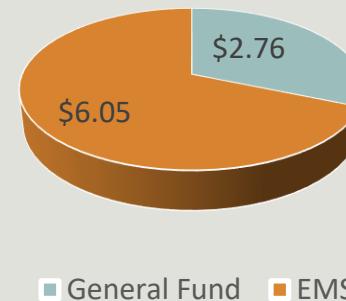
Proposed Utility Rates



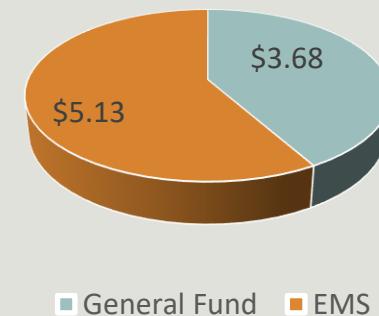
Option 1: Budget Allocation



Option 2: Budget Allocation



Option 3: Budget Allocation

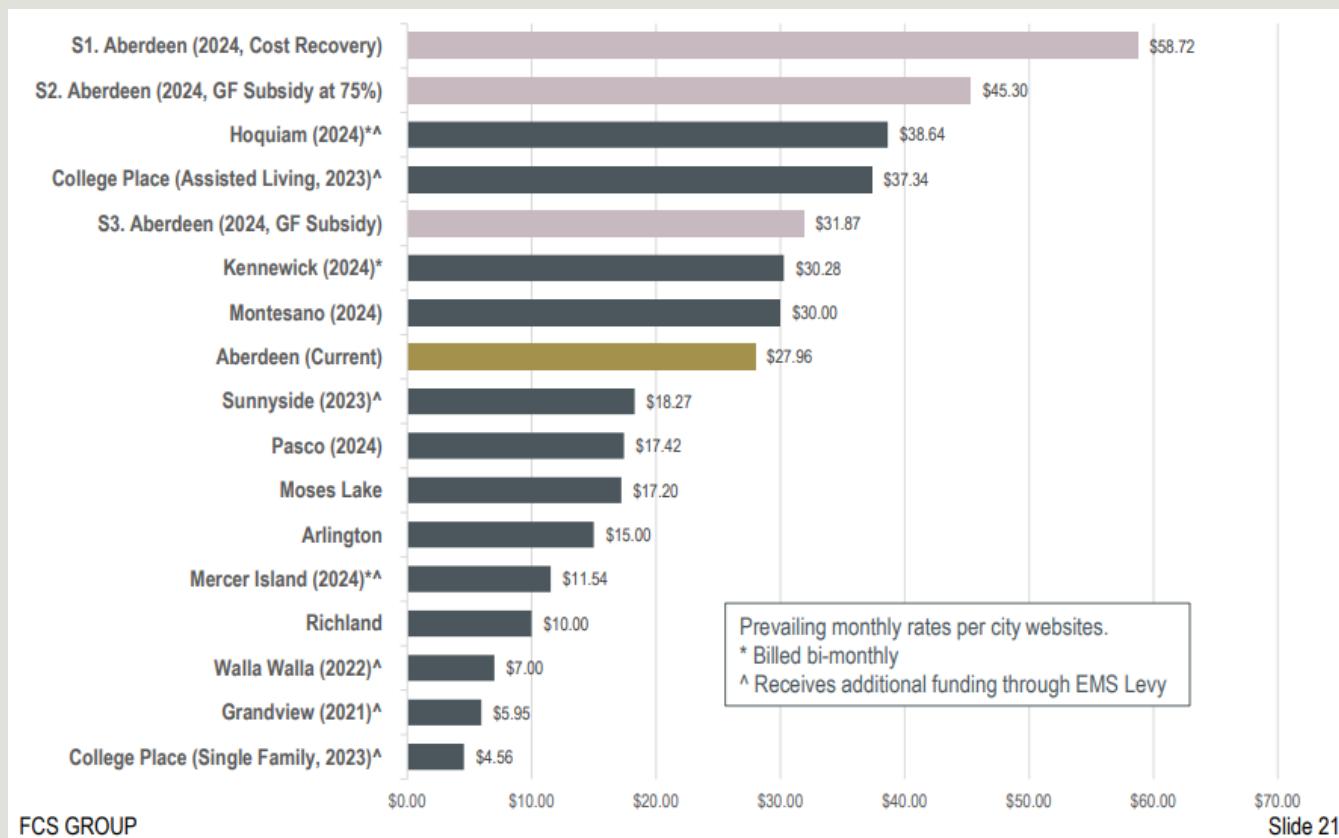


Proposed Utility Rates

Option	General Fund/EMS Allocation	General Fund	EMS Fund	General Fund Savings
1: Cost Recovery	18%/82%	\$1.57M	\$7.24M	\$2.11M
2: Partial Cost Recovery	31%/69%	\$2.76M	\$6.05M	\$0.92M
3: Status Quo	42%/58%	\$3.68M	\$5.13M	\$0

- 2024 City-Wide General Fund Budget utilizes \$2.85M in reserves.
 - Option 1: would have reduced use of reserves to \$0.74M.
 - Option 2: would have reduced use of reserves to \$1.93M.
 - Option 3: no reduction in the use of reserves would have been realized.

Proposed Utility Rates



Utility Rate Comparison

- Many Cities also have an EMS Levy.
 - Hoquiam (\$0.32M)
 - Sunnyside (\$0.37M)
 - Mercer Island (\$5.39M)
 - Walla Walla (\$1.64M)
 - College Place (\$0.41M)
 - Grandview (\$0.13M)

Proposed Utility Rates

- **Option 1: Full Cost Recovery**
 - Should do from a business perspective.
 - Provides for the most savings to the General Fund.
 - Largest initial increase to the utility rate.
- **Option 2: Partial Cost Recovery**
 - Balance between full cost recovery and status quo.
 - Mid-point in proposed utility rate increases.
 - Provides some relief to General Fund
- **Option 3: Status Quo**
 - Least amount of increase to the utility rate.
 - No relief to the General Fund.

Proposed Utility Rates

Posed Questions/Comments

- *What is the percentage of EMS calls that are for the homeless?*
 - 2023: 11.6%
 - 2024, Q1: 12.3%
- *How many of the homeless ever pay for the service either monthly, or by using the service?*
 - They do not pay the monthly utility fee as they do not have a utility to attach it to.
 - They are billed for the service when transported. The vast majority of these patients are covered by Medicaid.

Proposed Utility Rates

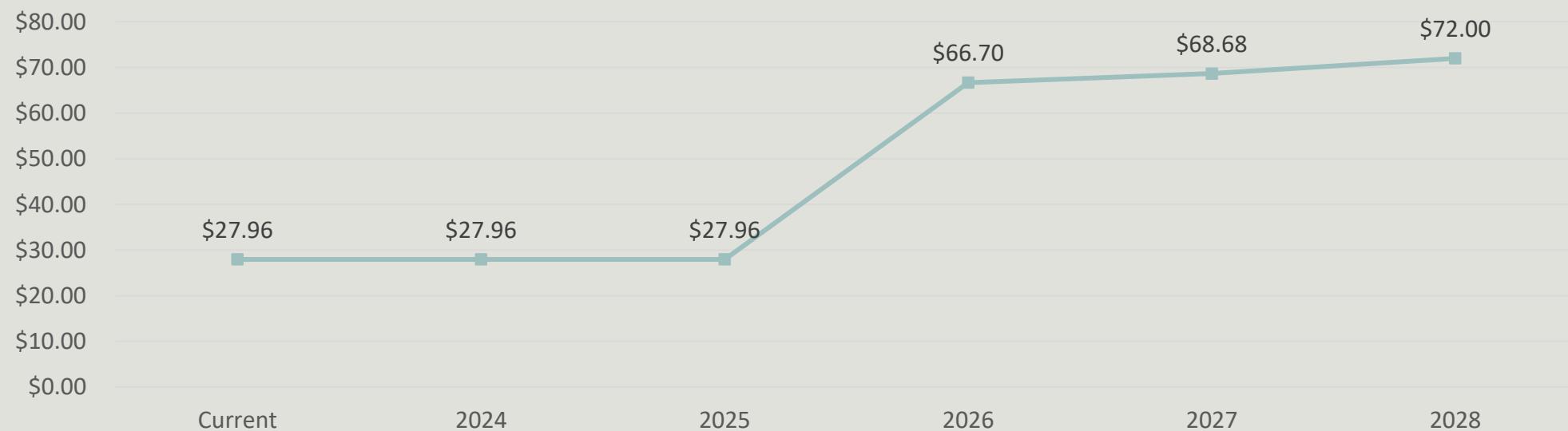
Posed Questions/Comments

- *Instead of raising the monthly charge for EMS services, why can't the final bill for service be raised if used?*
 - Ambulance billing charges are also due for a review and will be discussed in the next section of tonight's workshop.
 - EMS Utility program provides for only billing a patient's insurance, no "balance billing" of residents – Residents do not see an ambulance bill.
 - 2023: 79% of patients transported covered by Medicaid or Medicare that have set low reimbursement rates.
 - Would result in a slight increase in revenue from residents with private insurance and non-residents who we do balance bill.

Proposed Utility Rates

Posed Questions/Comments

- *Can we use more reserves early on to keep the utility rate lower?*
 - Yes, but that would create a situation where a drastic increase would be required down the road.



Proposed Utility Rates

Posed Questions/Comments

- *Can we create different rates for user classifications that put more burden on the utility?*
 - The utility rate needs to be applied equally to all rate payers.
- *Hoquiam recently doubled their Ambulance (Utility) rate from \$19.00 to \$39.00 and on 1/1/25 it jumps again to \$41.00. Why are Aberdeen's rates so much higher?*
 - Size of operations.
 - Hoquiam also has an EMS Levy that allows for a lower utility rate.

Proposed Utility Rates

Posed Questions/Comments

- *Hoquiam just rolled back their rates.*
 - On April 8, 2024, the Hoquiam City Council voted to reduce their EMS Utility Rate that was instituted at the beginning of the year.
 - Utility rate had been increased from \$19.23 to \$38.64.
 - Rates now rolling back to \$32.27.

	2024	2025	2026	2027+
Initial Rates	\$38.64	\$40.92	\$43.28	CPI Increase
New Rates	\$32.27	\$42.93	\$45.61	CPI Increase

Proposed Utility Rates

Posed Questions/Comments

- *People need to understand that the fire department is funded through property taxes for the services already.*
 - Fire operations are funded through general fund revenues. EMS operations are covered through the EMS Utility and are supplemented with billing for the service.
 - The Cost of Service study determines the level of funding required for providing EMS.

City	EMS Utility	Property Tax Rate	Basic Levy	EMS Levy	2013 Fire Truck Bond	2023 Fire Truck Bond	City Hall Bond
Aberdeen	\$58.72	\$1.89	\$1.89	--	--	--	--
Cosmopolis	\$58.72	\$2.96	\$2.17	--	--	--	\$0.79
Hoquiam	\$38.64	\$2.90	\$2.18	\$0.41	\$0.13	\$0.18	--

Proposed Utility Rates

Posed Questions/Comments

- *They are just doing this because the RFA failed.*
 - Not the case. During RFA presentations we were very transparent about the need to do an EMS Cost of Service Study if the RFA failed.
- *Are there discounts available?*
 - Utility customers are eligible for the City's Low Income Senior Citizens Discount Program.

Proposed Utility Rates

Next Steps

- Council consideration for which option to bring forward for a vote in the form of a resolution.
- Decision can be made at next regular council meeting: April 24, 2024.
- Resolution can be brought forward on May 1, 2024.
- New rates to take effect on July 1, 2024.
- Subsequent years would require a new resolution each year.

Proposed Utility Rates



2. Ambulance Rates

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Ambulance Service Fees

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Ambulance Service Fees

- Fees charged for service when a patient is transported.
- Patient's insurance billed for services provided at rates set by resolution.
- Residents: Any balance left over after insurance payment is written off.
- Non-Residents: Balance billed for portion of bill not covered by insurance.

Ambulance Service Fees

Level	Rate
Basic Life Support (BLS)	\$800.00
Advanced Life Support (ALS)	\$1,000.00
Advanced Life Support 2 (ALS2)	\$1,200.00
Specialty Care Transport (SCT)	\$1,300.00
Mileage per mile	\$16.00
Stand-By Rate/half hour	\$50.00
Response & Service (R/S)	\$250.00

- Base rate plus transport mileage billed.
- Same rate for residents versus non-residents.
- No difference for emergent and non-emergent responses.
- Last updated in 2014.

Ambulance Service Fees

- Payer mix very heavy towards low reimbursement insurances.
 - Medicaid: 49%
 - Medicare: 30%
 - Private Insurance/Other: 21%

Level	Rate	Medicare	Medicaid
BLS	\$800.00	\$350.00	\$115.00
ALS	\$1,000.00	\$415.00	\$168.00
ALS2	\$1,200.00	\$621.00	\$168.00
SCT	\$1,300.00	No Data	No Data
Mileage	\$16.00	\$10.35	\$6.86

GEMT MEDICAID REIMBURSEMENT \$604-\$1,192

Ambulance Service Fees

- Current billing rates compared to other agencies.
- Recommendations:
 - Return to a resident and non-resident rate schedule.
 - Maintain single rate structure for emergent vs. non-emergent.
 - Increase rates to come in-line with comparables.
 - Medicare/Medicaid reimbursements will maintain current reimbursement level.
- Handout - Ambulance Rate Comparison.

Ambulance Service Fees

PROPOSED RESIDENT RATES

Level	Current	Average	Proposed
BLS	\$800.00	\$964.55	\$950.00
ALS	\$1,000.00	\$1,153.19	\$1,150.00
ALS2	\$1,200.00	\$1,313.05	\$1,350.00
SCT	\$1,300.00	\$1,448.69	\$1,450.00
Mileage	\$16.00	\$20.26	\$20.00
Stand-By	\$50.00	\$98.00	\$100.00
Resp./Serv.	\$250.00	\$203.92	\$250.00

PROPOSED NON-RESIDENT RATES

Level	Current	Average	Proposed
BLS	\$800.00	\$1,169.25	\$1,150.00
ALS	\$1,000.00	\$1,367.87	\$1,350.00
ALS2	\$1,200.00	\$1,469.93	\$1,550.00
SCT	\$1,300.00	\$1,586.09	\$1,650.00
Mileage	\$16.00	\$20.42	\$20.00
Stand-By	\$50.00	\$98.00	\$100.00
Resp./Serv.	\$250.00	\$229.80	\$250.00

Ambulance Services Fees

Next Steps

- Council consideration for increasing ambulance billing rates.
- Will be included in the same resolution as the EMS Utility Rate.
- New rates to take effect on July 1, 2024
- Handout - Draft Resolution

Ambulance Service Fees

