

City of Aberdeen Ambulance Utility Cost of Service and Rate Study 2010 Update





Ambulance Utility

- Authorized by RCW 35.21.766
- Provides for ambulance service to be operated as a public utility
- Authorizes the City Council to set and collect rates and charges for regulating, operating and maintaining an ambulance utility



Rates and Charges

- Must determine rates and charges through a cost of service study
- Cannot include capital costs for construction, major renovation, or major repair of physical plant
- Identify costs attributable to availability of ambulance service and the demand placed on the service

This is cost recovery across Board No Prof. & Margin Built in.



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Identifying Costs

- Availability costs are attributable to the basic infrastructure needed to respond to a single call for service and include dispatch, labor, training, equipment, patient care supplies, and equipment maintenance costs
- Demand costs are attributable to the burden placed on the ambulance service by individual calls, such as those associated with the frequency of calls, distance from hospitals, etc.



Rate and Charge Methodology

- Availability costs must be uniformly applied across user classifications *HAVING our people available is what drives cost.*
- Demand costs must be based on each user classification's burden on the utility
- The costs for exemptions or reductions are a general expense of the utility and are designated as an availability cost to be spread uniformly across the utility user classifications



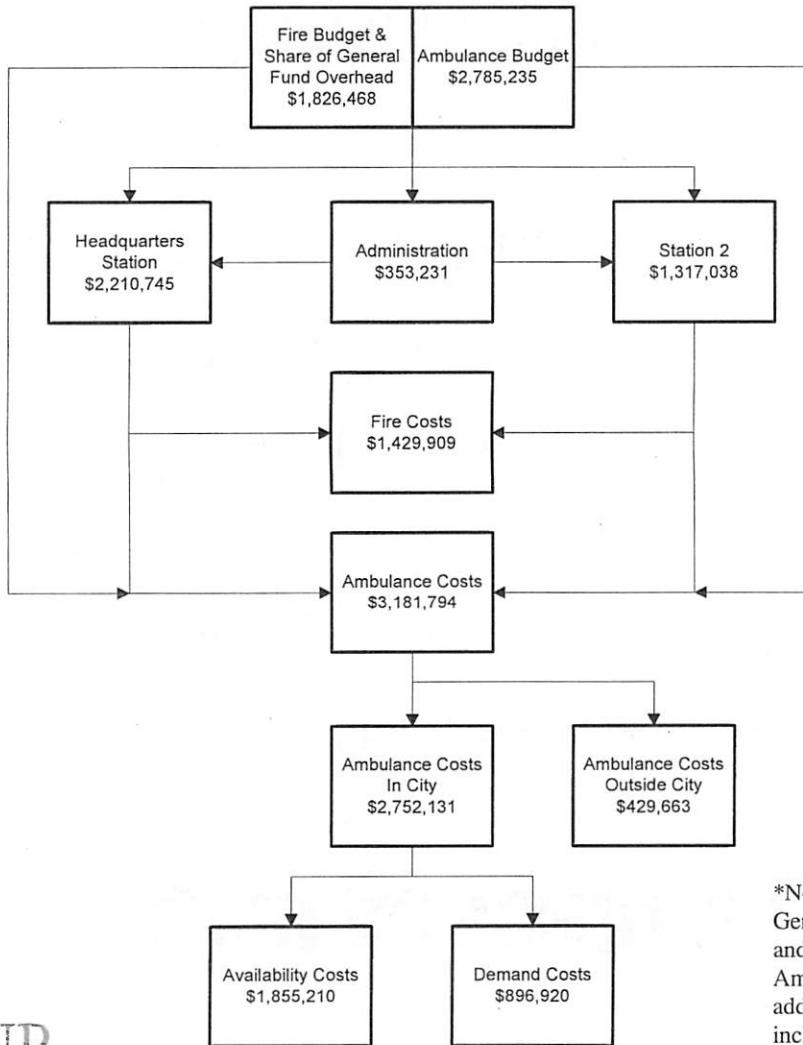
Rate Exemptions

- Medicaid eligible persons who reside in a nursing home, boarding home, or adult family home, or who receive in-home services
- Designated classes consistent with Article VIII, section 7 of the state Constitution may be exempt from or have reduced rates



Cost of Service Framework

Total Fire Department 2011 Budget
\$4,611,703*



*Note: The \$4,611,703 includes \$36,655 of estimated General Fund overhead expense for the Fire Budget and \$52,198 of General Fund overhead expense for the Ambulance Budget (i.e. EMS Fund). The \$36,655 was added to Fire's 2011 budget, while the EMS Fund included this expense as part of its 2011 Budget.



Cost Allocation Factors

- Proportion of staff time spent on Fire & Ambulance Response, Apparatus Check, & Training
- Proportion of staff time spent on Fire and Ambulance Standby
- On-duty Station Staffing
- Square Footage - EMS vs. Fire
- Use of Vehicles/Apparatus - Fire uses for EMS



Customer Classifications

(1)

- Single Family
- Multi-family
- Commercial / Retail / Industrial
- Assisted Living / Nursing Homes
- Housing Authority
- Other Governments - Schools / Port / Bus / etc
- City of Aberdeen





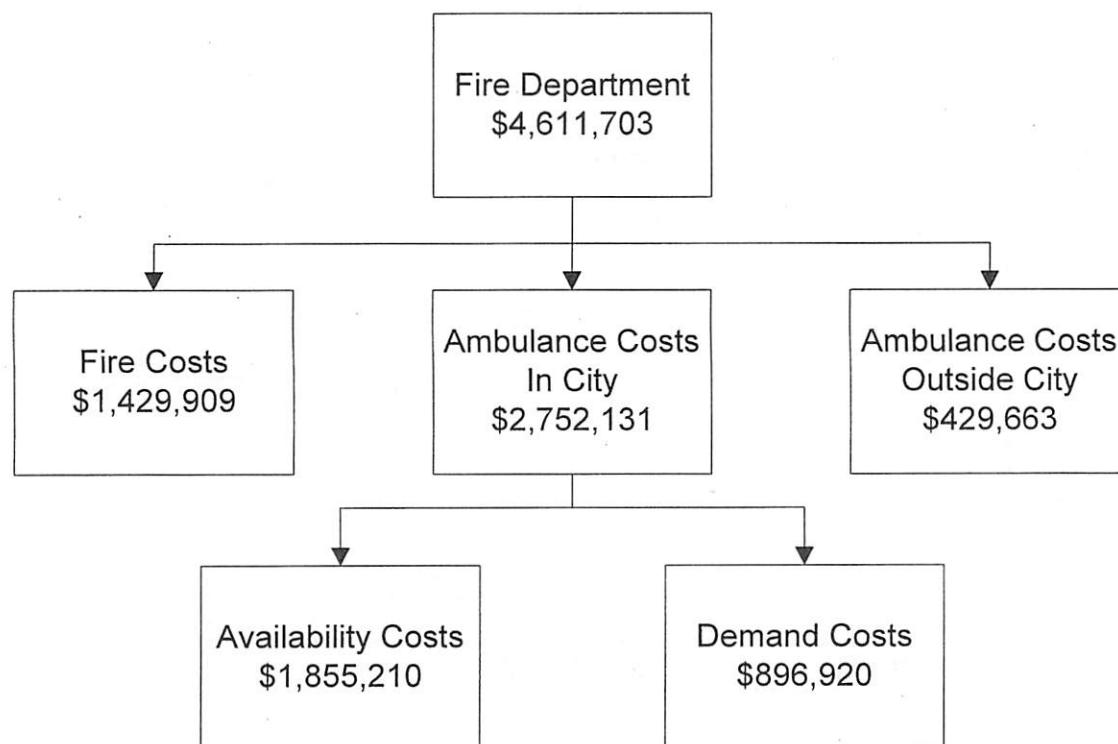
2009 Responses By Customer Class

Customer Class	Regular	Percentage of Regular Calls	Medicaid Calls	Percentage of Medicaid Calls	Total	Percentage of Total Calls
Single Family	1,238	36%	1	0%	1,239	33%
Multi Family	410	12%	-	0%	410	11%
Commercial / Retail / Industrial	1,034	30%	-	0%	1,034	28%
Assisted Living / Nursing Homes	97	3%	114	40%	211	6%
Housing Authority	42	1%	170	60%	212	6%
Other Governments	77	2%	-	0%	77	2%
City of Aberdeen	574	17%	-	0%	574	15%
Total	3,472	100%	285	100%	3,757	100%

- Medicaid responses based on a class' proportion to the total calls for the three classes
- Responses associated with areas outside the City, such as the contract Fire Districts and Cosmopolis, are not included *ifene*
- City of Aberdeen includes responses to City facilities and responses on City streets and State highways



2010 Ambulance Utility Costs





2010 Ambulance Revenue Requirement

	Availability	Demand	Total
Ambulance Utility Costs	\$ 1,855,210	\$ 896,920	\$ 2,752,131

Adjustments	Availability	Demand	Total
Billing & Collections on Calls		\$ (1,041,991)	\$ (1,041,991)
DOH Grant	\$ (2,186)		\$ (2,186)
Contract for Outside Areas	\$ -		\$ -
Local Funding			\$ -
Investment Interest			\$ -
Other Misc Revenues			\$ -
General Fund Transfer	\$ -		\$ -
Adjusted Costs	\$ 1,853,024	\$ (145,071)	\$ 1,707,954

- Revenues from Contract for Outside Areas were excluded because the costs associated with outside areas have been excluded from the ambulance utility costs.
- The \$52,198 in City overhead cost charged to the EMS Fund for HR, Payroll, and Legal services was covered by revenue from a General Fund transfer. This revenue was excluded so that a share of the costs for HR, Payroll, and Legal services would be included in the ambulance costs.
- The \$1,041,991 in Billings & Collections on Calls does not include \$108,009 in revenues from the outside areas.



FACTORS THAT INFLUENCE RATES

- FEWER utility ACCOUNTS THAN IN OL
- REDUCED MEDICARE REIMBURSEMENT
- 10-15% INCREASE CALL ACTIVITY

- UNION CONCESSIONS WHICH
*MORE TIME SPENT
EMS

Rate Analysis

Revenue needed to be generated by rate for 2011:

Total Expenses for Services	\$ 2,752,131
Less: Revenues from 3rd Party Billings	\$ (1,041,991)
Revenue from Grants	\$ (2,186)
Total Other Revenue Sources	\$ (1,044,177)
Balance to be collected from utility rate	\$ 1,707,954

6941 billing units
20.51

monthly rate needed
to cover costs

2011 EMS Utility Rate Options (w/o outside services)	Current Rate	Proposed Rate	Net Change Per Month	% Increase
Option I: Utility rate fully funds needs	\$ 14.95	\$ 20.51	\$ 5.56	37%
Option II: Use reserve balance to buy down rate Use of full reserve balance \$165,000	\$ 14.95	\$ 18.52	\$ 3.57	24%
Option III: Use reserve & General Fund Transfer General Fund Transfer \$100,000 + Reserve	\$ 14.95	\$ 17.32	\$ 2.37	16%



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Cost of Outside Areas

- Ambulance services are provided to the following areas outside of the City
 - ✓ Cosmopolis
 - ✓ North River (FD #15)
 - ✓ Westport Highway
 - ✓ Stafford Creek Prison
 - ✓ Hoquiam
 - ✓ Wishkah (FD #10)
 - ✓ Other Areas
- The cost of providing ambulance services to areas outside of the City was \$429,663
- These costs were allocated to the outside areas based on the proportion of hours and calls
- Because of the differences in the staffing resources used by each area and the time spent on these calls, a separate rate was calculated for each area served



Cost of Outside Areas (cont.)

The cost per call differed among the outside areas because of differences in staffing resources and the average time per call

- Typically two staff respond to a call for service, but one third of the time three staff responded to calls for service in Cosmopolis, North River (FD #15), Westport Highway, and Stafford Creek Prison
- The average time per call for Cosmopolis, Hoquiam, Westport Highway, and Wishkah (FD #10) was under an hour, while the average time per call for North River and Stafford Creek Prison was over an hour and a half. Over six and a half hours were spent on average per call for the Other category, which included medical transports from other areas outside the City or unclassified responses.

Agency			North River	Westport	Stafford Crk	Wishkah	Bigelow
	Cosmopolis	Hoquiam	(FD #15)	Hwy	Prison	(FD #10)	Drive
Calls	112	22	36 (16)	23	67	85	0
Cost per Call	\$ 879	\$ 912	\$ 1,697	\$ 949	\$ 1,916	\$ 929	\$ -
Total Cost	\$ 98,445	\$ 20,072	\$ 61,080	\$ 21,821	\$ 128,381	\$ 78,935	\$ -
2009 Ambulance Billed Revenue	\$ 33,062	\$ 4,547	\$ 10,630	\$ 1,386	\$ 24,480	\$ 29,340	
2009 Contract Revenues	\$ 59,329	\$ -	\$ 8,465	\$ -	\$ 30,000	\$ 35,937	\$ 884
Net Surplus/(Deficit)	\$ (6,054)	\$ (15,525)	\$ (41,985)	\$ 20,435	\$ (73,901)	\$ (13,658)	\$ 884

 FCS GROUP * Factor for 1st Response



Cost Per Ambulance Response

- Using the cost of service study, the cost per ambulance response was calculated for both the City and the Outside Areas
- The cost was broken down into demand and availability portions
- Availability costs are higher per ambulance response for the outside areas because
 - Staff spent proportionately more time per call responding to those areas, and
 - ~~More staff responded to some of the calls (i.e. while two staff typically respond to calls, three staff responded to calls from Cosmopolis, North River (FD #15), Westport Highway, and Stafford Creek Prison one third of the time)~~



Cost Per Ambulance Response (cont.)

City

Total Cost Per Response
\$732.34

Demand \$227.58

Availability \$504.76

Outside Areas

Total Cost Per Response
\$1,231.13

Demand \$380.33

Availability \$850.79

Nearly double



Questions?

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