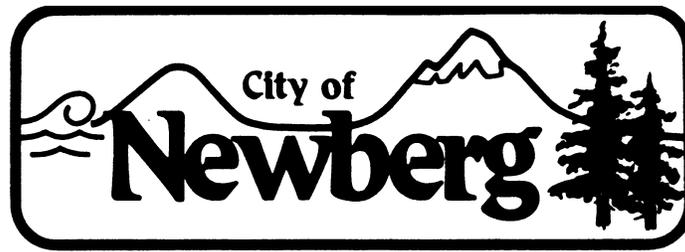


City Manager
(503) 537-1207

City Attorney
(503) 537-1206



414 East First St.
PO Box 970
Newberg, OR 97132

**CITY OF NEWBERG
CITY COUNCIL WORK SESSION
FEBRUARY 7, 2011
6:00 P.M.
NEWBERG PUBLIC SAFETY BUILDING
401 EAST THIRD STREET**

THE CITY COUNCIL OF THE CITY OF NEWBERG WILL HOLD A WORK SESSION TO REVIEW THE COUNCIL AGENDA ITEMS. NO ACTION WILL BE TAKEN ON THE AGENDA ITEMS AND NO DECISIONS WILL BE MADE. THE COUNCIL MAY HEAR REPORTS FROM BOARDS, COMMISSIONS, AND COMMITTEES. THE BELOW WILL BE HEARD:

- PRESENTATION FROM FIRE CHIEF LES HALLMAN AND FIRE DIVISION CHIEF FRANK DOUGLAS ON A POSSIBLE AMBULANCE SERVE RATE INCREASE.

DANIEL DANICIC
CITY MANAGER

ACCOMMODATION OF PHYSICAL IMPAIRMENTS:

In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical accommodations you may need as far in advance of the meeting soon as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the city recorder, at (503) 537-1283. For TTY service please call (503) 554-7793.

● City Manager's Office: e-mail: dan.danicic@newbergoregon.gov Fax: 537-5013 ●
Admin: 537-1261 ● Building: 537-1240 ● Public Works: 537-1273 ● Finance: 538-9421 ● Fire: 537-1230
Library: 538-7323 ● Municipal Court: 537-1203 ● Police: 538-8321 ● Maintenance: 537-1234 ● Utilities: 537-1205
Municipal Court Fax: 538-5393 ● Public Works Fax: 537-1277 ● Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

Memo

To: Newberg City Council
From: Fire Division Chief Frank Douglas
CC: City Manager Dan Danicic and Fire Chief Les Hallman
Date: January 27, 2011
Re: Ambulance Rate Increase Request

Below is draft material for discussion at the February 7, 2011, City Council work session. This is for a request scheduled to go before the Council at their February 22, 2011, business meeting regarding a request for an ambulance rate increase.

If you authorize a rate increase on February 22, 2011, the increase in ambulance rates would be as follows:

1. Effective January 1, 2011, EMS/ambulance rates shall be as follows:

Basic Life Support (BLS) Base Rate	\$1,200.00
Advanced Life Support (ALS) Base Rate	\$1,200.00
Hospital to Hospital Transfer (ALS & BLS)	\$1,200.00
Aid Call	\$360.00
Sit-Up Charge	\$240.00
Waiting Time	\$72.00/1/2 hour
Extra Technician	\$252.00
Mileage Rate	\$16.50 / loaded mile

2. Effective January 1, 2012, EMS/ambulance rates shall be as follows:

Basic Life Support (BLS) Base Rate	\$1,440.00
Advanced Life Support (ALS) Base Rate	\$1,440.00
Hospital to Hospital Transfer (ALS & BLS)	\$1,440.00
Aid Call	\$432.00
Sit-Up Charge	\$288.00
Waiting Time	\$86.40/1/2 hour
Extra Technician	\$302.40
Mileage Rate	\$19.80 / loaded mile

EXECUTIVE SUMMARY:

Newberg Fire Department operates a fire-based EMS system which utilizes cross-trained, dual role, firefighter/paramedics offering a high level of protection and services to our citizens. Fire based ambulance service is the most popular model for ambulance service in the USA, due to its ability to provide high service levels. Since 1994, the Fire Department has been operating the emergency medical service/ambulance division with the dual role firefighter/paramedics.

The last ambulance rate increase was in September 2007. Since 2007 there have been no ambulance rate increases to reflect rising costs due to inflation, or to account for severe decreases in reimbursements made by the federal government for Medicare patients.

The fire department relies heavily on ambulance transport fees to support both EMS and fire protection services. Without the EMS budget it is highly unlikely the City of Newberg could keep two fire stations open.

The fire department may have to take emergency units off the street in 2010-2011 to meet budget. This potential reduction in emergency services is called a "brown out."

The EMS contingency fund has waxed and waned over the past six (6) years. The contingency has had a low of \$42,249.00 and a high of \$162,453.00. The 2007 rate increase helped. This year our EMS contingency is \$112,484. We may have to use a substantial portion of the contingency fund this year to maintain services. This scenario is not sustainable. The EMS budget has little reserve for unexpected large emergencies.

The EMS budget is unable to set aside adequate funds for the replacement of ambulances. For example, EMS should be replacing an ambulance every 3-4 years. This requires setting aside \$45,000 to \$60,000 per year for ambulance replacement. In the 2010-11 budget EMS is only able to set aside \$18,000 which mean EMS is not contributing enough into Fund 33 (Fire & EMS Equipment Fee) which is used to replace fire apparatus and EMS units. It was only with a \$110,000.00 donation in 2009 from the Newberg Charitable Organization (NCO) that we were able to replace an old front-line ambulance with high mileage. We need to be able to build on our contingency fund and set money aside for replacement ambulances.

It is estimated that our EMS fund has lost between 1 and 2 million dollars since the Medicare Fee Schedule began in 2002. The following is an example of what we were reimbursed prior to implementation of the Medicare Fee Schedule and what we are currently reimbursed by Medicare.

Newberg Fire Department offers a FireMed program (\$45.00 per year per family) to protect families from the high cost of ambulance service.

Without the Medicare Fee Schedule (pre-April 2002)

Ambulance Bill: \$1,000

Medicare allowable: \$580.96

Total collected from Medicare (80% of \$580.96) or \$464.77

Total collected from the patient (out of pocket and/or 2nd insurance): \$419.04

Total collected \$1,000.00

With the Medicare Fee Schedule

Ambulance Bill: \$1,000.00

Medicare allowable: \$396.06

Total collected from Medicare: \$316.85 (80% of allowable)

Total collected from the patient (out of pocket): \$79.21 (20% of allowable)

Total written off as non-collectable per Medicare rules: \$603.94

Total collected: \$396.06

Difference collected between pre-Medicare Fee Schedule and current Medicare Fee Schedule is **\$603.94** per transport for our most common transport (ALS-1 Emergency).

Medicare patients represent approximately 55% of our total ambulance transports. In 2010 we estimate we will have 2200 transports.

Increasing ambulance rates:

- Help NFD continue providing high levels of EMS care;
- Reduce total number of brown outs;
- Will help us replace old ambulances;
- Recover some funds lost due to Medicare Fee Schedule;
- Help NFD keep up with inflation, rising costs of medical supplies, and labor costs;
- Will continue to limit the use of tax dollars to support ambulance services;
- Will reduce the amount of property tax needed to staff fire stations because ambulance staff are cross-trained as firefighters.

New rates versus current rates are as follows:

Effective January, 2011:

<u>Service</u>	CURRENT	PROPOSED
Basic Life Support Base Rate	\$1,000.00	\$1,200.00
Advanced Life Support (ALS) Base Rate	\$1,000.00	\$1,200.00
Hospital to Hospital Transfer (ALS & BLS)	\$1,000.00	\$1,200.00
Aid Call	\$300.00	\$360.00
Sit-Up Charge	\$200.00	\$240.00
Waiting Time	\$60.00	\$72.00/1/2 hour
Extra Technician	\$210.00	\$252.00
Mileage Rate	\$13.75	\$16.50/loaded mile

Effective January, 2012:

Basic Life Support (BLS) Base Rate	\$1,200.00	\$1,440.00
Advanced Life Support (ALS) Base Rate	\$1,200.00	\$1,440.00
Hospital to Hospital Transfer (ALS & BLS)	\$1,200.00	\$1,440.00
Aid Call	\$360.00	\$432.00
Sit-Up Charge	\$240.00	\$288.00
Waiting Time	\$72.00/1/2 hour	\$86.40/1/2 hour
Extra Technician	\$252.00	\$302.40
Mileage Rate	\$16.50/loaded mile	\$19.80 / loaded mile

Ambulance Rate Survey – How we compare

Below are the current rates for some other agencies in Oregon including all other Yamhill County ambulance service providers. A full survey is available upon request.

- Albany Fire Department: \$1,020.00 ALS / \$1,020.00 BLS / \$20.00 per loaded mile
- American Medical Response: \$1165.96 ALS / \$737.84 BLS / 15.72 per loaded mile
- Eugene Fire and EMS: \$1,600.00 ALS / \$1,600.00 BLS / \$20.00 per loaded mile
- Lane Rural Fire/Rescue: \$1,600.00 ALS / \$1,600.00 BLS / \$20.00 per loaded mile

- *McMinnville Fire Depart (MFD): \$984.00 ALS / \$843.00 BLS / \$17.00 per loaded mile
- **Metro West Ambulance: \$664.92 ALS / \$465.82 BLS / \$11.07 per loaded mile
- Sheridan Fire District: \$1,150.00 ALS / \$1,000.00 BLS / \$15.00 per loaded mile
- Springfield Fire and Rescue: \$1,600.00 ALS / \$1,600.00 BLS / \$20.00 per loaded mile
- Tillamook Ambulance: \$1,571.50 ALS / \$1,445.00 BLS / \$31.00 per loaded mile
- West Valley Fire Dist. (**Willamina**): \$1,200.00 ALS / \$800.00 BLS / \$12.00 per loaded mile

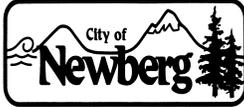
*MFD rate for non-residents is \$1,077.00 ALS / \$911.00 BLS

** Rates lower due to volume - less personal costs. If Metro West served Newberg at our call volume and our level of service, their rates would likely be much higher.

FISCAL IMPACT: Staff estimates an increase of an additional \$150,000.00 per year in revenue in each of the next two fiscal years. This will put the EMS fund in a better cash position to maintain services. It is expected the fire department may have to take emergency EMS units off the street periodically in 2011 and 2012 due to budget shortfall (brown outs). Additional revenue will reduce the number of brown outs.

STRATEGIC ASSESSMENT: The rate increase helps to maintain revenue levels necessary to maintain staffed ALS units and funds to replace old ambulances. A rate increase reduces the financial impact created by the Medicare Fee Schedule, rising medical equipment costs, and rising labor costs.

****DRAFT****



RESOLUTION No. 2011-2931

A RESOLUTION ADOPTING EMERGENCY MEDICAL SERVICE RATE INCREASES EFFECTIVE JANUARY 1, 2011

RECITALS:

1. The City of Newberg Fire Department has been operating the emergency medical services/ambulance since 1994.
2. There has been no rate increase since September 2007. Staff has attempted to maintain rates the same for the last three (3) years. This has required using contingency funds and a reliance on donations to purchase a new ambulance.
3. The City of Newberg Fire Department offers a FireMed program (\$45 per year per family) to protect families from the high cost of ambulance service. FireMed guarantees no out-of-pocket expenses for doctor ordered or medically necessary ambulance transports. Since Newberg FireMed started in 1994, we have never denied a claim.
4. Increased ambulance rates are necessary to stay current with inflation, and to make up for revenue lost due to cuts mandated by the Federal Medicare Fee Schedule. Medicare Fee Schedule was phased in over a number of years beginning April 1, 2002. Virtually all urban jurisdictions in the nation are experiencing the same problem with Medicare.
5. The ambulance rate increase proposed will not replace the revenue lost from implementation of the Medicare Fee Schedule, but may lessen the overall financial impact on the Emergency Medical Services (EMS) budget.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Effective January 1, 2011, EMS/ambulance rates shall be as follows:

Basic Life Support (BLS) Base Rate	\$1,200.00
Advanced Life Support (ALS) Base Rate	\$1,200.00
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Sit-Up Charge	\$288.00
Waiting Time	\$86.40/1/2 hour
Extra Technician	\$302.40
Mileage Rate	\$19.80 / loaded mile

3. The finance director shall review the status of the EMS fund on an annual basis. Following implementation of the above increases, if necessary, the finance director may recommend for Council consideration of an ambulance rate increase by at least the rate of inflation for the previous year.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: _____, 2011.

ADOPTED by the City Council of the City of Newberg, Oregon, this ____ day of _____, 2011.

Norma I. Alley, City Recorder

ATTEST by the Mayor this _____ day of _____, 2011.

Bob Andrews, Mayor