



CITY OF CORONADO

CITY COUNCIL STAFF REPORT

June 18, 2024

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AMBULANCE USER FEE STUDY

RECOMMENDATION:

Receive and consider the 2024 City of Coronado Ambulance User Fee Study, provide direction on the preferred Advanced Life Support, Basic Life Support and associated transport cost recovery and fees, and direct staff to schedule a future public hearing for formal consideration of ambulance user fee adjustments.

BACKGROUND:

The City of Coronado Fire Department is dedicated to delivering exceptional emergency medical services (EMS) to our community and maintaining readiness to respond to emergencies and disasters 24 hours a day, 365 days a year. Among the numerous services offered by the Fire Department, ambulance transportation is the most frequently utilized. Nearly 72% of all 911 calls received by the Fire Department are medical-related incidents.

The Fire Department classifies EMS calls as either ALS or BLS. ALS calls represent emergency medical services requiring Advanced Life Support, while BLS calls represent services requiring Basic Life Support. For example, a patient suffering from a heart attack, cardiac arrest, or serious trauma would be classified as ALS, whereas a patient with a minor injury that may require splinting or minor bleeding control would be classified as BLS. In 2023, ALS calls constituted 60% of all EMS calls, whereas BLS calls accounted for 40%.

As reflected in the adopted fees for Fiscal Year (FY) 2024/25, ambulance transport fees are set at \$1,347 for Advanced Life Support transport and \$1,199 for Basic Life Support transport, with additional charges for oxygen administration and mileage reimbursement. In FY 2023/24, the Fire Department responded to 1,987 medical incidents resulting in 1,364 transports, which is projected to generate a total recovery of roughly \$780,000. In calendar year 2023, the cost to provide ambulance transport services was approximately \$12.1 million, including salaries, benefits and associated overhead to support all staff involved in ambulance transport services.

Fees studies are important to ensure the City's cost recovery is in alignment with the cost to provide service. To ensure efficient resource management, meet the growing demands for service and address rising healthcare supply costs, the City engaged Willdan Financial Services to conduct a comprehensive study on user fees for ambulance transportation. The study determined the full costs of providing these services and potential adjustments to the fee structure. The City is legally required to ensure fees do not exceed the costs of delivering the service while also aligning with City financial policies.

The City has not conducted a comprehensive fee study of ambulance services since 2010. At that time, the study recommended transport fees of \$926.75 for ALS and \$572.00 for BLS, with an annual Consumer Price Index (CPI) adjustment thereafter; however, over the past 14 years since the last fee study, the operational costs for ambulance services have increased significantly, exceeding annual CPI adjustments. This is due to advances in equipment technologies, along with global pharmaceutical shortages exacerbated by natural disasters and the COVID-19

pandemic which have significantly impacted the medical sector. These challenges are further compounded by international supply chain issues, which have led to increased demand and delivery challenges for ambulances and other critical medical equipment.

Additionally, changes in reimbursement policies and procedures for Medicare, Medi-Cal, and recent legislation regarding private self-paying patients necessitate an update and modernization of the City's fee schedule to enhance reimbursement for provision of these vital services.

ANALYSIS:

Willdan Financial Services conducted a thorough review of the services and programs associated with the Fire Department's EMS operations. A comprehensive approach was used to calculate the Fully Burdened Hourly Rates (FBHRs) for personnel involved in providing services. This calculation included:

- Salaries and benefits of personnel
- Costs related to fee operations
- Departmental support and administrative overhead
- Indirect city-wide overhead costs

The analysis primarily employed a programmatic approach, where Willdan determined the full cost of providing ambulance operations utilizing the FBHRs and calculated a cost share for each ambulance unit hour, shift, and call. The total cost included in the analysis encompassed the direct costs of staff and operations, a share of department administration support, and the cost allocation for City central service support. Willdan then compared the calculated full cost against the current fee amount to assess whether the current fee covers the costs associated with the requested service. Ambulance fees were reviewed individually, compared to current market rates, and reviewed to determine the proposed adjustment to cost recovery levels.

Recovery Rates

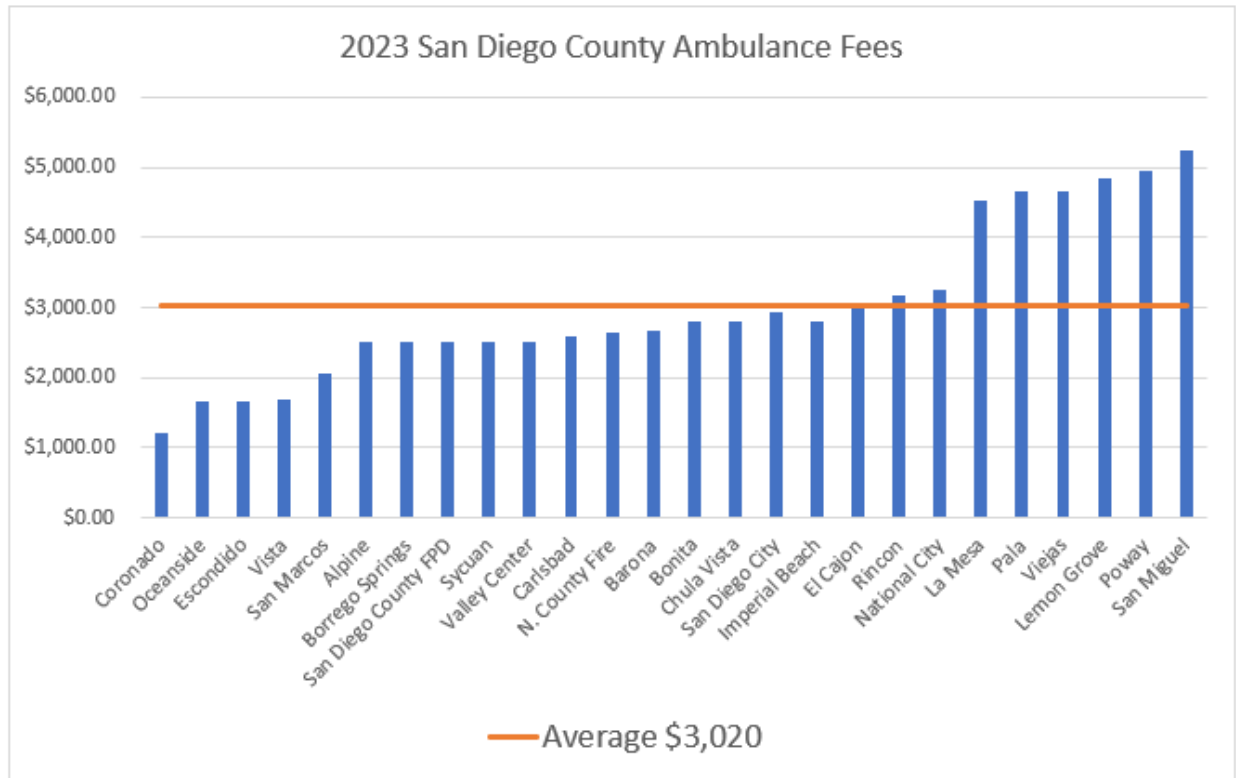
The analysis revealed that the current fee of \$1,347 for ALS transport accounts for approximately 22% of the \$6,144 cost to provide the service. However, 22% does not represent what is actually received by the City through billing activities. The estimated actual cost recovery for Coronado's transport services is 6-14%.

Most bills for ambulance services do not result in full payment. There are fee collection limitations imposed by the healthcare industry that have an impact on the total amount a City is able to collect from ambulance users when services are rendered. The Centers for Medicare and Medicaid Services (CMS) sets caps on how much a provider can be reimbursed for administering ambulance services and private insurances pay a percentage of the costs billed which varies. These fee limits make full cost recovery infeasible.

The ambulance transport billing caps for Medicare is \$600-\$866 per transport and Medi-Cal is \$118 per transport. New State legislation limits billing for uninsured Californians to \$567-\$866 per transport. Cities are unable to recover more than these caps from Medicare, Medi-Cal and uninsured Californians irrespective of actual costs of service delivery. Private insurance reimbursement is not subject to fixed caps but can be adjusted depending on the insurance plan parameters.

In 2023, the payor mix for Coronado's ambulance transport services was 63% Medicare, 11% Medi-Cal, 15% private insurance, and 11% direct patient billing.

The study also evaluated ambulance fees throughout San Diego County. Using 2023 data, Coronado's ambulance fees are currently the lowest in the region as depicted in the chart below.



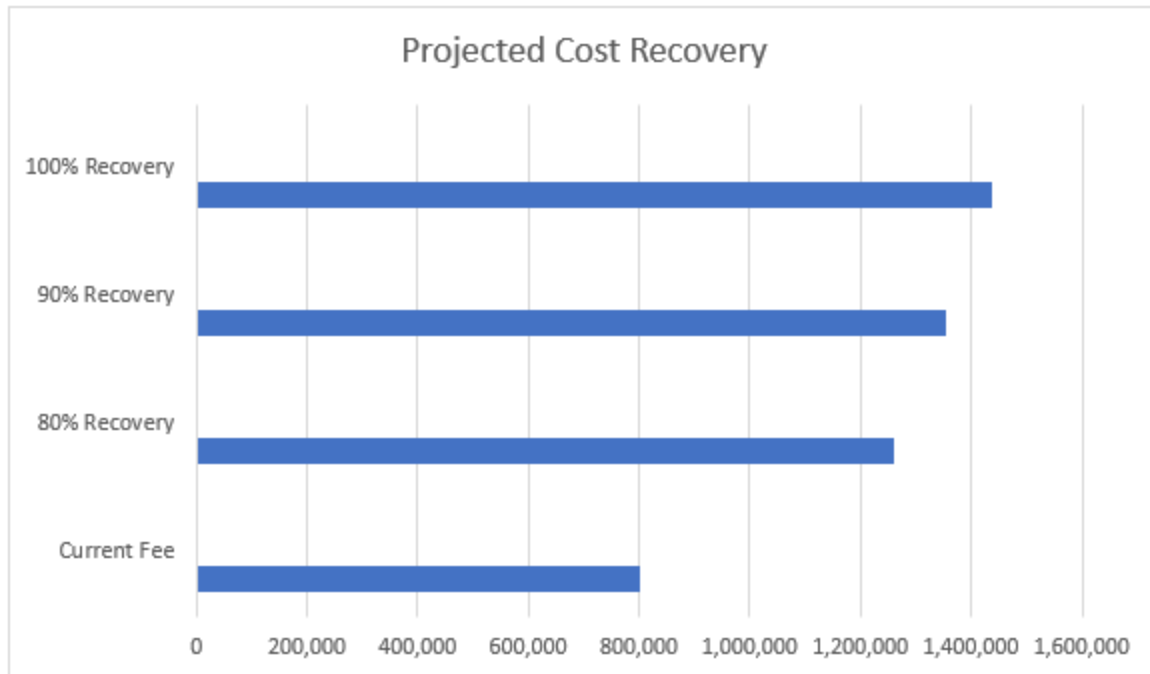
Ambulance Transport Fee Options

The Willdan Study found that the current true cost to the City provide ALS transport is \$6,144 per transport. Accordingly, to recover 100% of the costs, the City would bill \$6,144 for every ALS ambulance transport.

The City Council could consider setting the fees at less than 100%. For instance, a 90% recovery objective would set the fee at \$5,529 per ALS transport. At 80%, the fee would be \$4,915 per ALS transport.

The following table and graph show the anticipated actual cost recovery as a percentage of costs and in revenues.

Fee Structure	Fee Recovery-to-Cost Ratio	Actual City Cost Recovery	Estimated Additional Recovery
<i>Current Fee</i>	22%	6%-14%	<i>n/a</i>
Full Cost Recovery	100%	26%-34%	\$658,250
90% Cost Recovery	90%	23%-31%	\$575,071
80% Cost Recovery	80%	21%-29%	\$491,891



Updating the City's fees will not alter the way ambulance services are provided. No person is denied emergency services based on their type of healthcare coverage or ability to pay. Staff is also developing a financial hardship assistance policy that will grant the City Manager or their designee the authority to approve a reduction or full waiver of the payment, utilizing formulas based on the patient's income.

FISCAL IMPACT:

The analysis resulted in three cost recovery options, utilizing 100%, 90%, and 80% recovery of costs. The potential revenue generated from these methods range from \$780,000 (current fee) to about \$1.4 million (100% cost recovery level). The increase in revenue would be used to partially offset annual operating expenses within the Fire Department to continue to maintain the desired service levels to the community.

ALTERNATIVE:

Receive the User Fee Study and provide staff with additional direction on the potential adjustment of fees.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not Applicable.

PUBLIC NOTICE:

No notice required.

ATTACHMENTS:

1. Fire Department Ambulance User Fee Study

Submitted By: Fire Services Department / Jayson Summers