



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: **JANUARY 19, 2016**

ITEM NUMBER: **NB-5**

**SUBJECT: AMBULANCE TRANSPORTATION FOR THE CITY OF COSTA MESA**

**DATE: JANUARY 7, 2016**

**FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER  
DANIEL A. STEFANO, FIRE CHIEF**

**PRESENTATION BY: DANIEL A. STEFANO, FIRE CHIEF**

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## **RECOMMENDED ACTION:**

The Fire Chief and Chief Executive Officer recommend that the City Council approve the following recommendation, in accordance with the second phase of the Fire Department Reorganization Plan, and as it pertains to a policy decision involving patient transportation via ambulance vehicles.

1. Review and approve the recommended option of the public/private partnership ambulance transportation model (e.g., consultant report option #3; City of Costa Mesa providing Advanced Life Support (ALS) emergency transportation and a private ambulance provider providing Basic Life Support (BLS) emergency transportation and backup support for patient transportation).

## **BACKGROUND:**

The delivery of fire, emergency medical, and community risk reduction services is a core component of maintaining the life, property, and environmental safety needs of the community and consistently rates high in terms of importance to the residents, businesses, and community of Costa Mesa. The Costa Mesa City Council has recognized this and has consistently invested in maintaining a well-equipped and highly-trained Fire and Rescue Department. As a result, the cost of these services is 17.69% of the City's adopted FY 2015-16 general fund budget. Further, with emergency medical services/rescue related calls now accounting for approximately 70% of the Fire and Rescue Department's calls for service and in light of ongoing fiscal challenges facing public agencies throughout the nation, the direction for a more effective and efficient public safety model was brought forward.

In May 2013, the City Council unanimously approved the CEO's recommendations for the reorganization of the Fire Department, inclusive of the "Alternative Model" Restructuring Plan. A key part of the CEO's alternative plan was that it be implemented in a two-phase approach as it related to ambulance transportation, along with a comprehensive list of 17 recommendations related to various operational and administrative components of the fire department. For example, the new deployment model has also required building modifications to Fire Station 4; alterations to apparatus; selecting, procuring, and placing six rescue ambulances into service; and significant (initial and on-going) training for personnel including dispatchers.

The two-phase approach has allowed the first phase of implementation to be very strategic and methodical, thus providing valued time to thoughtfully execute and evaluate the various dynamics of the plan, each step of the way. While there is no question that our highly trained and professional staff have the ability to quickly adapt to change, because the change in this new deployment is arguably the most significant change in the history of the organization, additional time to transition has absolutely benefitted this process.

As a simple overview, the first phase has been focused on preparing the new deployment infrastructure, personnel training, and operational changes. In perspective, it has focused on transitioning our fire apparatus resources to include rescue ambulances, thus creating a more efficient model with ultimately providing more resources to be available for emergency response. Due to the magnitude of the change, the two-phase approach has been a cornerstone to the successes and evolution of the plan so far.

In July of this past year, the second phase of the Reorganization Plan was initiated and the services of a consultant were retained to complete an analysis related to identifying options for ground ambulance transportation and the utilization of the City's rescue ambulances (e.g., patient transport options, pros/cons, financial implications, etc.). Ultimately, the analysis was intended to bring forth the most viable options with the related financial analysis for City Council consideration, through a final recommendation from the Fire Chief and CEO. Included in this analysis, the benefits of Ground Emergency Medical Transport (GEMT) reimbursements to fire-based transportation providers was also addressed.

At this point, with approximately 90% of the Fire Department Reorganization Plan now addressed, and before moving forward, a policy decision on patient transportation via ambulance vehicles is necessary. Immediately following the City Council policy decision, a Request For Proposals (RFP) process seeking bids for private providers to conduct ambulance billing services for the City will be developed and released to coincide with a separate RFP process seeking bids for private ambulance providers to transport patients, consistent with the final policy direction.

Pursuant to California Health & Safety Code Section 1797.201, because the City of Costa Mesa has provided and/or contracted for emergency ambulance services continuously at least since June 1, 1980, the City has retained all rights, remedies, and privileges regarding the provision, administration, and operational control of all prehospital Emergency Medical Services (EMS) within its jurisdiction (e.g., local control), including, but not limited to, emergency ambulance response and patient transport services.

In accordance with its Section 1797.201 powers, on November 20, 2007, the City initiated a competitive process by issuing a "Request for Proposals," coordinated by the Fire Department, in which qualified ambulance companies were reviewed, analyzed, and compared. The Fire Department chose to use the competitive process consistent with the format outlined in California Emergency Medical Services Authority Publication #141 due to its efficiency, rather than developing a new format.

On July 1, 2008, the City Council accepted the proposal submitted by Care Ambulance Service, Inc., and authorized the Fire Department to negotiate an agreement for the provision of emergency ambulance and patient billing services. The City and Care Ambulance Services entered into an agreement effective on September 1, 2008, at 7:30 a.m., for a period of two years. The Ambulance Services Agreement allows for extensions of the term providing that the total length of time, including the initial two-year term beginning in 2008, is no more than ten years. Following the initial agreement period, the City and Care Ambulance Services entered into subsequent agreements that have most recently been extended until June 30, 2016 (e.g., Amendment Number Four; Attachment 8). In

accordance with the terms and requirements of the original Ambulance Services Agreement, the City of Costa Mesa will need to pursue a new competitive process for ambulance and billing services to be implemented prior to September 1, 2018.

**ANALYSIS:**

The CMFD Ambulance Service Feasibility Study is (Attachment 1) was conducted by AP Triton, LLC consultants. It provides an objective review of the four deployment options for patient transport via ambulance vehicles. The consultant’s report was first introduced at the December 1, 2015 City Council meeting and made available for City Council and public review immediately thereafter.

Prior to and following the receipt and review of this report, City staff conducted research and met with a range of stakeholders, including, but not limited to: members of the Costa Mesa Pension Oversight and Financial Advisory Committees; Dr. Samuel J. Stratton – Orange County EMS Agency Medical Director, members of the CARE Ambulance management team; members of the Orange County Fire Chiefs; members of the Costa Mesa Firefighters Association Board of Directors; and community members.

The four models identified represent the most viable options available within the current Orange County EMS system. Inclusive of any of these models is the approval of the established OCHCA EMS Ground Ambulance Rates. Included in the consultant’s report is an assessment of the pros and cons and a financial analysis of each. While there are a number of variations of each of the four transportation models identified, it is clear that the core elements of these models represent the fundamental application, deployment, and operational consistency options for immediate implementation.

As such, the four ambulance transportation models are identified below as follows, inclusive of the pros and cons and the financial overview (e.g., cost recovery) of each:

- **Model #1 – Current Model**

*\*Continuation of the existing deployment strategy of sending a fire department apparatus (e.g., an engine or truck) and a rescue ambulance along with a private ambulance to be the transportation component of all Emergency Medical Services calls for service (e.g., ALS & BLS).*

**Pros**

- *Requires no changes in current deployment*
- *Reduced financial risk to the city*
- *Potential surge capacity from provider*
- *Fixed rate of reimbursement for ALS services provided*

**Cons**

- *Less control of the system*
- *Potential increased costs to taxpayer*

**Total (Annual) Realized Cost Recovery**

\$645,372

- **Model #2 – Costa Mesa Assumes All Ambulance Transportation; Private Ambulance Company Utilized as Back-Up Only**

*\* Fire department assumes 100% of ambulance transportation for all emergency ambulance services in the City.*

**Pros**

- *Requires limited changes in current deployment*
- *Provides maximum local control*
- *Consistent with the redeployment plan*
- *Provides flexibility/cost recovery*

**Cons**

- *May require a contract for surge*
- *An increase in workload*
- *Will require additional time to completely implement*

**Total (Annual) Projected Cost Recovery**

\$4,095,456

*\*\$3,895,456 – additional overhead related costs estimated at \$200,000*

*\*\*\$3,250,084 – total new cost recovery/net revenue*

- **Model #3 – Public / Private Partnership**

*\* Fire department engages in a partnership with a private contractor and provides ALS ambulance transportation while the private contractor provides BLS transportation and back up support service for ALS transportation.*

**Pros**

- *Requires limited changes in current deployment*
- *Provides increased level of service*
- *Consistent with the redeployment plan*
- *Provides for increased cost recovery*
- *Provides the highest level of flexibility and opportunities to concurrently explore in an evolving local, regional and statewide EMS landscape*

**Cons**

- *Could impact the current contractor*
- *Could create a two tier billing system*

**Total (Annual) Realized Cost Recovery**

\$2,504,725\*

*\*\$2,304,725 – additional overhead related costs estimated at \$200,000*

*\*\*\$1,659,353 – total new net cost recovery/revenue*

- **Model #4 – Hybrid Model / AO Program**

*\*Fire department assumes 100% of all emergency ambulance transportation services using a new class of employees to staff Rescue Ambulances.*

**Pros**

- *Requires limited changes in current deployment*
- *Provides increased level of service*
- *Consistent with the redeployment plan*
- *Provides for increased cost recovery*
- *Provides the highest level of flexibility and opportunities to concurrently explore in an evolving local, regional and statewide EMS landscape*

**Cons**

- *Could impact the current contractor*
- *Could create a two tier billing system*

**Total (Annual) Realized Cost Recovery**

\$2,461,836\*

\*\$2,261,836 – additional overhead related costs estimated at \$200,000)

\*\*\$1,616,464 – total new net cost recovery/revenue

**ALTERNATIVES CONSIDERED:**

The City Council could decide to direct staff to reevaluate the previously approved deployment model.

**FISCAL REVIEW:**

It is understood that the consultant's cost recovery projections could vary within a reasonable margin above/below the projections identified. Additionally, the consultant's cost recovery projections are in line with similar municipal agencies that currently provide some or all of the ambulance transportation services within their jurisdiction (Attachment 7). To that end, the city's Finance Department has reviewed this report and confirms that the cost recovery projections appear reasonable and attainable.

**LEGAL REVIEW:**

The City Attorney's office has reviewed the 201 rights issue with respect to the provision of ambulance services and has been assisting the Fire Department in asserting and maintaining these rights. The City Attorney's office has also reviewed the current Ambulance Service Agreement and prepared the existing extensions thereof.

**CONCLUSION:**

Based on the information and data provided in the CMFD Ambulance Service Feasibility Study and subsequent analysis, the Fire Chief and Chief Executive Officer recommend approving the public/private partnership ambulance transportation model (consultant report option #3; City of Costa Mesa providing ALS emergency transportation and a private ambulance provider providing BLS transportation and back-up support for ALS transportation).

This recommendation is grounded in the effort to provide the most effective and efficient service to the community, while maintaining the highest quality of patient care, enhancing the City's cost recovery revenue, and providing the most flexible ambulance transportation model to adapt to an evolving EMS landscape.

In addition, to ensure that the City is meeting or exceeding cost recovery expectations, an initial six month evaluation to review the cost recovery projections would be initiated, followed by another six month evaluation and then subsequent regular quarterly evaluations.

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DANIEL A. STEFANO  
Fire Chief

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THOMAS R. HATCH  
Chief Executive Officer

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STEPHEN DUNIVENT  
Interim Finance Director

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THOMAS DUARTE  
City Attorney

- Attachments:
- 1) [Consultant Ambulance Study Report](#)
  - 2) [Fire Department Reorganization Report](#)
  - 3) [City of Costa Mesa Paramedic/Ambulance Billing \(2012-2015\)](#)
  - 4) [OCHCA EMS Maximum Ground Ambulance Rates](#)
  - 5) [Los Angeles County Survey on California Ambulance Transportation Rates](#)
  - 6) [Orange County Ambulance Transportation Cost Recovery/Rate Comparatives](#)
  - 7) [Orange County Fire Department Ambulance Transport Service Comparatives](#)
  - 8) [Copy of the Ambulance Transportation Agreement with Care Ambulance](#)
  - 9) [Copy of the ALS Cost Recovery Agenda Report and Resolution](#)
  - 10) [Memorandum Regarding Private Paramedic Cost and Review](#)