



CITY COUNCIL AGENDA STATEMENT



January 28, 2020

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TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA DIRECTING THE CITY MANAGER TO ENGAGE IN ALL NECESSARY ADMINISTRATIVE ACTIONS TO IMPLEMENT FIRE DEPARTMENT-BASED EMERGENCY MEDICAL TRANSPORT SERVICES, TO BEGIN NEGOTIATIONS FOR CONTRACTUAL SERVICE WITH THE CITY OF IMPERIAL BEACH AND THE BONITA SUNNYSIDE FIRE PROTECTION DISTRICT, AND TO BRING BACK FOR CITY COUNCIL CONSIDERATION AND APPROVAL ANY REQUIRED COUNCIL LEVEL IMPLEMENTING ACTIONS

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Since 1979 the City of Chula Vista, City of Imperial Beach, and the Bonita Sunnyside Fire Protection District (previously known as the Chula Vista Exclusive Operating Area or EOA), have contracted with providers of emergency ambulance transportation to deliver patients from the emergency scene to local hospitals for definitive care. These agencies entered into a renegotiated agreement with American Medical Response (AMR) on October 1, 2018 to provide emergency ambulance transportation services for a period of three years, with a termination date of September 30, 2021. The City Council approved this contract with the understanding that staff would return for approval of an independent consultant contract whose scope of work would provide sufficient information concerning EMS transport system valuation, optimization, and design. The consultant's independent report would also validate or not validate the Fire Department's own internal study and report on transport system valuation and system design. The findings of the consultant's report are attached to this staff report.

As a result of the independent study conducted by AP Triton, the Fire Department's internal study which assesses the feasibility of Fire Department based emergency medical transport services, has been validated. The approval to provide ambulance transport will improve service by adding more ambulance units/hours to the system thereby reducing response times in the east, decrease the costs of transport bills, reduce base rate cost fluctuation, allow for internal administrative control of the transport system, allow for unified dispatch of first responder and transport resources, and provide for more timely and cost effective resolution of transport system issues. Approval to provide ambulance transport will also enable the eligibility for and collection of federal reimbursements of approximately \$3.5 million. Its anticipated that the system will

provide positive net revenue that will be reinvested towards the EMS system currently being funded by the general fund, and for implementation of system improvements.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposal consists of a governmental plan of action related to the City's preparedness in the event of a natural or manmade disaster and which will not result in direct or indirect significant physical impacts on the environment. Therefore, pursuant to Section 15060 (c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable.

DISCUSSION

The City of Chula Vista entered into a renegotiated agreement with American Medical Response (AMR) on October 1, 2018 to provide emergency ambulance transportation services for a period of three years, with a termination date of September 30, 2021. Prior to the renegotiated agreement with AMR, ambulance base rate costs per transport were \$2,665. Within the renegotiated contract terms, three compounding 10% increases were requested by AMR; the first of which became effective October 1, 2018. The second 10% increase to the base rate took effect in October of 2019, and the third 10% increase will become effective in October 2020. The increases will raise the base rate costs to \$3,881 per transport. The current contract contains a termination for convenience clause which requires a 180-day minimum notice.

The Fire Department has reviewed major areas of its service delivery. With continuous support by City Council, major operational components have undergone or are in the process of undergoing substantial improvements. Within the past several years, the Fire Department has evaluated its Emergency Medical Services (EMS) transport system. The EMS transport system in Chula Vista has remained relatively unchanged for almost 40 years. In 2013, the implementation of First Responder Advanced Life Support (FRALS) was introduced. In 2015, two years ahead of schedule, the Fire Department finalized its FRALS program which is the inclusion of one firefighter/paramedic on every fire apparatus within Chula Vista. The FRALS program does not impact the General Fund and is funded through transportation user fees (aka base rate) which were increased through negotiations prior to FRALS implementation. During this negotiation between the City and AMR, a service level reduction was permitted by enabling a two-minute increase to transport ambulance arrival times. In addition, the FRALS program enabled AMR to reduce EOA ambulance staffing levels from two paramedics, to one paramedic and one EMT. Today, the addition of FRALS continues to provide advanced level of care to patients in the field prior to the arrival of the transport ambulance.

Subsequent to the approval of the renegotiated contract with AMR, the Fire Department has reviewed all components of its emergency medical services system to include patient delivery to the appropriate medical facility via ALS ambulance transport. In its review, Fire Department staff found that many of the challenges experienced by the FRALS first responder system, such as increasing call volume and static number of

resources, are also present in the ALS ambulance transport system. The review illustrated clearly to the Fire Department the following areas where improvement is needed:

- Responding ambulance units need to be stationed within the City
- Obtain access to \$1.2 million currently available via Federal reimbursements (QAF, GEMT)
- Obtain access to \$3.5 million Federal reimbursements available in 2021 (IGT)
- Increase ambulance unit hours to meet projected demand
- Reduce ambulance response times in the entire system but particularly in east Chula Vista (Districts 1 and 3)
- Provide internal ability to manage ambulance resources
- Reduce base rate costs and minimize rate fluctuations
- Provide greater efficiency for dispatching ambulance units
- Overall control of the transport system
- Unified use of radio communications and information technology
- Unified medical direction and continuity of patient care

The current system design makes it difficult to implement improvements since the Fire Department is engaged in a contractual relationship in which the contractor controls the operational and financial components. Currently, any desired system improvements are subject to negotiations including potential increases in the allowable base rate charge. Under the current method of ambulance transport, the expense to achieve many of the improvements listed above could potentially increase base rate costs by several thousand dollars per transport.

Research & Assessment

Over the last three years, the Fire Department developed an internal review analyzing the potential transition of EMS transport from private contract to provision of services within the Chula Vista Fire Department. The review includes a thorough internal assessment by numerous City staff into the proposed system's valuation, regulatory issues, current deficiencies, and viable future improvements. Internal City staff from all affected departments are confident that the creation of a Fire Department based EMS ambulance transport system is a worthy recommendation that makes economic and service improvement sense for the citizens of Chula Vista and other contracted agencies.

In addition, the internal review and recommendations have been reviewed by two outside fire and EMS service professionals. These professionals have extensive experience in developing and managing fire department-based EMS transport.

Additionally, the City contracted with AP Triton, Inc. to conduct an independent external assessment of the current system's valuation, design, strengths and weaknesses with a focus on future opportunities. AP Triton's report addresses current national and statewide issues related to EMS transport with details on system valuation, funding opportunities, payer mixes, legalities, resource deployment, system unit hours and utilization.

The external assessment and recommendations provided by AP Triton further validate the internal report and recommendations which include:

- ✓ Reduce base rate cost and minimize fluctuations
- ✓ One paramedic and one EMT per ambulance (non safety/non sworn)

- ✓ Increased daily ambulance unit hours
- ✓ Obtain access to \$3.5 million dollars of Federal reimbursements through IGT (AB-1705)
- ✓ Ambulance units positioned within system fire stations – minimal responses from outside the transport system
- ✓ Improved ambulance response times in the entire system but particularly east Chula Vista (Districts 1 and 3)
- ✓ Unified management of all EMS resources
- ✓ Single dispatch point for ambulance units
- ✓ Overall control of the transport system
- ✓ Unified use of radio communications and information technology
- ✓ Continuity of patient care

FINANCIAL SUMMARY

One of the focuses of the study conducted by AP Triton was to establish the annual anticipated revenue from emergency medical transports in the three jurisdictions (Bonita, Imperial Beach, and Chula Vista) that comprise our contracting partnership. The projected net value of transports allows the administrator of the EMS system to match resources to needs. The value of the 17,000 plus transports from the partnership are estimated currently at \$12.3 million dollars, with a potential value of up to \$15 million. With a single base rate throughout the system and continued annual growth in transport volume, it is projected that a city provided service will meet or exceed the net revenues of the current system.

In addition, current and future supplemental federal reimbursement will increase the net revenue for Medicaid insured patients. Currently two programs exist that increase the Medicaid reimbursement for medical transport services, Ground Emergency Medical Transport (GEMT) and Quality Assurance Fee (QAF). GEMT is available to public providers of EMS transport to offset traditionally low reimbursement rates that may not cover the cost of providing service. QAF is a program available to all providers of EMS transport, with providers paying a per transport fee on all transports to increase the reimbursement for Medicaid transports. The next program to be enacted is the Intergovernmental Transfer (IGT) program. IGT will reimburse at a higher rate on Medicaid than seen in GEMT/QAF, thru a series of matching contributions. The current estimate is that the GEMT/QAF program would generate approximately \$1.2 million dollars, at which time the IGT program would launch in July 2021 with an estimated increase of net revenue to \$3.5 million dollars.

City staff have validated that projected operational expenses would be met or exceeded by the projected revenue as outlined in the AP Triton report. The Finance and Human Resources departments have developed total position costs for all personnel related to a City provided service, with Finance reviewing all associated costs compared to the net revenue.

AP Triton's report and recommendations are included as attachment #1.

The City has the authority to provide emergency medical transport services itself under applicable state and local law including California Health & Safety Code Sections 1797.201 and 1797.224, the City Charter [Section 200], and Chula Vista Municipal Code Section 5.10.310.

CONCLUSION

The Fire Department has reviewed major areas of its service delivery through the creation of a draft analysis report providing the full details related to providing EMS transport through the Chula Vista Fire Department. AP Triton has concluded an independent external assessment of the current system's valuation, design, strengths and weaknesses with a focus on future opportunities. AP Triton's report addresses current national and statewide issues related to EMS transport with details on system valuation, funding opportunities, payer mixes, legalities, resource deployment, system unit hours and utilization. The external assessment and recommendations provided by AP Triton further validate the internal report and recommendations to provide EMS ambulance transport.

The approval to provide ambulance transport through agreements with the Imperial Beach Fire Department and the Bonita Sunnyside Fire Protection District will improve service by adding more ambulance units/hours to the system thereby reducing response times in the east, decrease transport bills, reduce volatility in the base rate cost, allow for unified management of the entire EMS system, improved dispatching of ambulance units and provide the opportunity for more timely and cost effective resolution of transport system issues. Approval to provide ambulance transport will also enable the eligibility for and collection of federal reimbursements of approximately \$3.5 million. It is anticipated that the system will provide positive net revenue that will be reinvested towards the EMS system currently being funded by the general fund, and for implementation of system improvements.

With City Council approval of the resolution, the City Manager will notify the Local Emergency Medical Services Agency (LEMSA) under the County of San Diego, of the transition of the Emergency Medical Transport Services to the City of Chula Vista Fire Department. Staff will continue working on the final system design, calculate the patient transport charge and negotiate with the City of Imperial Beach and Bonita Fire Protection District. Staff will return to the City Council for consideration of these items as well as requests for budget amendments, authorization of additional positions, procurement of goods and services which include contract billing and collection services as well as ambulances and EMS equipment.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently the 500-foot rule found in California Code of Regulations section 18704.2(a)(1) is not applicable to this decision.

CURRENT-YEAR FISCAL IMPACT

There are no General fund costs associated with this action. Staff will return to Council for approval of any future associated costs.

ONGOING FISCAL IMPACT

No projected negative impact to the general fund. With the estimates of current net revenue, all operational costs would be paid for from transport revenue. This includes a reduction in general fund expenditures for contract dispatch services with a value of \$1,246,840 in FY22. With the addition of supplemental federal reimbursement under the IGT program there is the potential to offset other current and eligible EMS related general fund expenditures.

ATTACHMENTS

Attachment #1 EMS System Valuation and Optimization Study