

LWVSD AMBULANCE CONTRACT STUDY FOR THE CITY OF SAN DIEGO
REVISED CONSENSUS AND BACKGROUND, 10/5/2017

Scope

A study of the City of San Diego Ambulance Service and Contract with Rural Metro Corp. of Scottsdale, AZ (recently bought out by American Medical Response/AMR of Greenwood Village, CO) including the practice of sending a fire engine out with every ambulance call. Adopted at LWVSD Annual Meeting, June 2016.

LWVUS Position on Privatization

The League of Women Voters of the United States believes that when governmental entities consider the transfer of governmental services, assets and/or functions to the private sector, the community impact and goals of such transfers must be identified and considered. Further, the LWV believes that transparency, accountability, and preservation of the common good must be ensured.

The League believes that some government provided services could be delivered more efficiently by private entities; however, privatization is not appropriate in all circumstances. Privatization is not appropriate when the provision of services by the government is necessary to preserve the common good, to protect national or local security or to meet the needs of the most vulnerable members of society. While the League recognizes that the definition of core government services will vary by level of government and community values, services fundamental to the governance of a democratic society should not be privatized in their entirety. These services include the electoral process, justice system, military, public safety, public health, education, transportation, environmental protection and programs that protect and provide basic human needs.

The decision to privatize a public service should be made after an informed, transparent planning process and thorough analysis of the implications of privatizing service delivery. While specific criteria will vary by service and local conditions, the League believes the following considerations apply to most decisions to transfer public services, assets and functions to the private sector:

- On-going and timely communication with stake-holders and the public
- Statement of the circumstances as they exist and what is to be gained
- Definition of the quality, level and cost of service expected
- Assessment of the private market; whether there are providers to assure competitive pricing and delivery; (in some cases there may not be multiple providers if a service is so specialized. i.e. high tech, airports.)
- Cost-benefit analyses evaluating short and long term costs of privatization, including the ongoing costs of contract administration and oversight
- An understanding of the impact on customers, the broader community, environment and public employees
- An open, competitive bidding process with clearly defined criteria to be used in selecting a contractor
- A provision and process to ensure the services or assets will be returned to the government if a contractor fails to perform
- A data-driven selection of private entities whose goals, purposes, and means are not incompatible with the public well-being
- The careful negotiation and drafting of the control-ling privatization contract
- Adequate oversight and periodic performance monitoring of the privatized services by the government entity to ensure that the private entity is complying with all relevant laws and regulations, contract terms and conditions, and ethical standards, including public disclosure and comment.

The League believes that the enactment of state laws and issuance of regulations to control the process and delivery of privatization within a state's jurisdiction is often appropriate and desirable. Best practices for government regulation of the privatization process should include the following requirements:

- An open process that allows for citizen input and oversight in a timely manner
- A reasonable feasibility study and project evaluation appropriate to the size and scope of the project
- The establishment of carefully crafted criteria for selection of the private-entity (beyond the lowest cost bid)
- Additional consideration for local bidders in order to support the local economy
- The retention of liability and responsibility with the government entity
- Allowance for and promotion of opportunities for innovation and collaboration
- Provision for employment, benefits and training plans on behalf of employees displaced as a result of privatization.

Statement of Position on Privatization as announced by the National Board in June 2012.

Stations, Equipment and Zones

The City of San Diego currently has 48 fire stations. Each has an engine and a 4-person team round the clock. The Fire & Rescue Department also has 12 ladder trucks each with a four-person team, so some stations have an engine and a truck. The team includes a captain who records what the team does on a call and a Paramedic. All the fire fighters are trained as Emergency Medical Technicians (EMT). An EMT can provide oxygen, perform CPR, obtain vital signs, deliver a baby, or splint and bandage an extremity. A Paramedic can start IV's, administer medications, intubate a patient, analyze an EKG, etc. Paramedics train for two years. SD Fire & Rescue is the First Responder. Ambulances are provided by a private company, American Medical Response (AMR) which bought out Rural Metro (RM) in 2016. AMR is the largest company in the U.S. providing ambulance service. AMR's 28 ambulances in San Diego are not necessarily housed in fire stations. They are staffed with a driver and a Paramedic. A computer program can predict where calls will come from, so AMR moves the ambulances around to be close to predicted calls.

About 84% of 911 calls are for EMS (Emergency Medical Services). The number of EMS incidents has increase by 22% in the last four years. An emergency medical service is defined as a service providing out-of-hospital acute care and transport to definitive care to patients with illnesses and injuries. The number of 911 calls in San Diego has doubled in the last fifteen years. All 911 calls come into the Police Department and they route calls for Fire & Rescue to the Fire & Rescue Command Center. A GPS system locates the closest available engine and the 911 Command Center sends that engine to the call. If the engine at the closest station is on a call, then another engine is sent which takes longer. At the 911 Command Center, a computer is programmed to guide the questions asked of the caller depending upon what the previous response is. The Fire-Rescue Medical Director designs the program and it is reviewed monthly. If there is a fire, an ambulance responds in case the fire fighters or others are injured. If needed, language translation is available for a call. San Diego Fire & Rescue has an ACE accreditation - the highest- and they are proud of it!

Each 911 call is classified by computer into one of four categories:

1. Priority 1 - potentially life-threatening emergency response (80% of calls)
2. Priority 2 - non-life threatening emergency response
3. Priority 3 - urgent request
4. Priority 4 - unscheduled non-emergency response, other private ambulance companies can do transport; no response time is recorded.

An ambulance and a fire engine respond to Priority 1 and 2 calls.

Contract with AMR

The City had a contract with Rural Metro which was written in 1997 and again in 2011. At that time, there were four zones. The City wrote a Request for Proposal (RFP) in 2013, but the state said the county had to write the RFP because the county oversees EMS service throughout the county. Both the city and county challenged that statement and it took the state a couple of years to sort it out. Their final decision in 2016 was that the city can write the RFP but since they have had a contract with RM/AMR for over ten years, they don't need to write a new contract or do a RFP. The current contract expires in 2020. The Fire and Rescue Department is planning to do another RFP prior to 2020 and they probably will be one of the bidders. The contract was updated in 2013, 2014, and 2015. Four zones were increased to eight with the first update.

Under the contract with AMR, the fire engine (First Responder) needs to arrive within 8 minutes of the call 90% of the time and the ambulance needs to arrive within 12 minutes of the call 90% of the time. The response time is carefully recorded on a computer and analyzed by another outside firm. There is no mandated response time in the county or state. By increasing the number of zones, the whole city is on a more equal footing regarding response times. Narrow, hilly roads and long distances from fire stations slow down response times. A buyout clause in the current contract goes into effect in 2018 and 2019.

The contract is regularly monitored by the Fire & Rescue Department and quarterly reports are made to the Council. AMR must go through a Plan to Cure and pay significant fines if they do not meet the response times. This occurred in July 2016 because they could not find enough paramedics to staff the ambulances, but it has been corrected. The city gets \$10.7 million in fees per year from AMR to cover the City's costs for responding to EMS calls. Traffic lights can be controlled by emergency vehicles, so the City is implementing that program. Traffic circles impede engines. Special events require more ambulances and personnel. With some frequency, Mexicans who need EMS are dropped off at the border (this may have changed with the tightening of immigration regulations).

Proposed Amendment Changing Zones and Priorities

On October 4, 2017, Citygate (research company working on fire & safety), the Fire Chief, and AMR made a presentation to the Public Safety and Livable Neighborhoods Committee of the City Council which would create the fourth amendment to the city's contract with AMR. It would reduce the number of priorities and increase the response times as follows:

1. Priority 1 - life-threatening with a fire engine and ambulance response and advanced life support - response time 12 minutes or less
2. Priority 2 - an emergency response with just an ambulance with a response time of 15 minutes or less
3. Priority 3 - a non-life-threatening request with just an ambulance responding - response time 25 minutes or less

In addition, they reduced the 8 zones to 4: Metro, Coastal (north of Hwy. 8), Inland (east of the Coastal zone), and San Ysidro. The eight zones were aligned with the fire department's battalions, but did not take into consideration where the hospitals are. With a 22% increase in calls and a more than double time at hospitals to hand over a patient, it has become unrealistic for the 28 ambulances to keep the existing response times. Paramedics will not leave the patient until the hospital medical staff takes over, so paramedics wait with the patient at the hospital. Citygate has decided that San Diego is over-triaging their calls, so less responses will require a fire engine and its crew of four people.

Patient Billing

The patient and the insurance company are billed by AMR who also worries about collection. They claim that they only receive 19% of billed costs. Several people we have interviewed or emailed say that AMR is under-

estimating its return. The Fire & Rescue Department will need to have audited figures before they write another RFP in the next couple of years. This means that the City does not know the true cost of EMS service. Each year the Council approves the base rate for EMS. Additional fees include transport, any equipment or medication or IV used, miles driven, level of care, training and hiring costs, etc. The rate is adjusted to the Consumer Price Index (CPI) annually. Federal programs such as Medicare and Medicaid/MediCal pay only a portion of the fee and so AMR does not recover full costs. Medicare pays \$538.45 for advanced life support and MediCal pays \$118.20 no matter what the charged fee is. Uninsured and homeless patients have no insurance nor money, so some of those fees are totally unpaid or partially paid. The AMR President said that about 7% are compassion cases.

Base rate varies significantly among cities and the committee is not sure what is included in the various base rates. We are assuming they are recent figures; most come off the internet since several cities did not answer our questions.

- San Diego - \$1,933 for advanced life support (2015) At the October 5, 2017 meeting referenced above, AMR asked for a 24% increase to \$2,396.
- Carlsbad - \$1,167.25 for the lowest advanced life support, \$23.35/mile. They provide all EMS services and do not contract out.
- Chula Vista - Advanced life support rate is \$2,507. They have a contract with AMR but are not required to rebid it because they have had this contract for many years.
- San Francisco - \$1,642 for advanced life support including transport. EMS is provided entirely by the Fire & Rescue Dept. except they outsource billing & collection.
- Phoenix - The state regulates the rates. \$928.21 for advanced life support, and \$19.24/mile. They do not send a fire engine with an ambulance. 4-5 people including 1 paramedic go in the ambulance.
- Los Angeles City (2013) - base rate \$1,071.50 for advanced life support, mileage \$17.75/mile. The city has their own ambulances but contracts out their patient billing. The County uses several ambulance companies.

Fast Response Squads (FRS)

In order to improve response time and fill in gaps where there is no fire station, the city has instituted three FRS squads in Encanto, South University City and San Pasqual Valley. They are placed at a house and consist of a 2-person team (one is a Paramedic) but the vehicle is smaller; they have a 12-hour shift during the daytime (except San Pasqual Valley which is 24/7). They do not replace an engine, but they are often the first to respond on a call and can start to stabilize a patient before the engine and ambulance arrive. It is difficult to find available land in built-up areas for a new fire station, so FRS's are easier and cheaper to locate.

Frequent 911 Callers and the Uninsured

Some people call 911 on a regular basis. They often don't really need to go to the emergency room but they are stabilized and transported there. When the ambulance gets to the emergency room, personnel have to wait with the patient until hospital staff take over; this is called Wall Time and can amount to hours. The Fire and Rescue Department has instituted a program called Resource Access Program (RAP) which was originally funded by a state grant. The idea is to respond to 911 calls from identified frequent callers with a case management plan by a community paramedic who can help find solutions rather than just transport to the emergency room.

Typically these patients have complex medical and social problems such as homeless (54%), mental illness (65%), aging (30%) and serial inebriate (10%) that may not require care at an emergency room. These people represent 17% of EMS calls and are 0.8% of the City's population. The person may need medication, to make a doctor appointment, or get a referral. Fire & Rescue has identified them and created a database of 1,400 people. A small pilot study using the RAP program showed a call reduction of 52% and a saving of \$45,000 per month plus \$2 million savings for hospitals. Right now, it is not being funded well. Only one supervisor is working

with it and AMR pulled 4 paramedics who were on the team. It is not a program in the 2018 budget to receive more funding because every department had to reduce their budget by 3%. The County has gotten a grant to do this too, so the City may be able to use some of that funding.

Personnel Issues

In addition to responding to 911 calls several times every 24 hours, fire fighters train 2-3 hours per day. They work on a rotating schedule: work 24 hours and off 24 hours 3 times and then they have 6 days off. This works out to 56 hour work weeks without overtime pay. If they would work 12-hour shifts, more people and more benefits/pensions would be required. This system is used in many fire and rescue departments and the personnel seem happy with it. An engine and its four fire fighters must be ready at all times to respond to a call, so they travel together to places like the grocery store. Every call is considered EMS. The firefighters also respond to HazMed calls and other emergencies.

They have voluntary and mandatory overtime. If no one volunteers, then people are required to work overtime. The City paid about \$1 million in overtime in fiscal 2017, but they expect that to go down because they are fully staffed now. Staffing was cut with the recession in 2008. However, there are no floating fire fighters who can replace someone who is absent, so overtime is used for that. Recently retired fire fighters are not as current in their training. The 2018 budget includes a paramedic academy which should attract more people trained as paramedics. AMR also runs a paramedic academy. The department also tries to attract school girls as the Fire & Rescue Department's percent of female employees is rather low.

Discussion About Whether EMS is an Essential Core Service

Water, sewer, fire and hazardous materials protection, life guards, air and water quality, street repair, trash disposal, education, etc. are Essential Core Services provided by the government. Some have separate billing and some are paid for by property owners' taxes. Low-income people who rent pay for these services. Homeless people do not. Basically, everyone pays, not just the users of the service. This is currently not true for EMS because the patient is billed when the patient uses the service.

Pros and Cons of Contracting Out Ambulance Service

Since the City of San Diego contracts its ambulance service out to a private company and since that company is not willing to share their finances with a forensic audit, the Fire and Rescue Department is not confident about their true costs and reimbursements. As the LWVSD Committee predicted, AMR came to the City on October 4th and said that they need to raise the rates by 24% in order to have a more viable business plan. Both AMR and the Fire Chief said that they want to terminate the contract and issue a RFP once they analyze the new plan, zones and priorities presented to the Council Committee.

The City could operate its own EMS and could be more flexible in responding to identified needs. "The National Emergency Medical Services Advisory Council has argued that the lack of recognition of EMS as an essential service and public good hinders the efficiency, effectiveness, and equity of EMS provision and - by extension- that of the Nation's healthcare and disaster preparedness." ("An Analysis of Prehospital Emergency Medical Services as an Essential Service and as a Public Good in Economic Theory, 2014)

On the other hand, if the City took over ambulance service, they would need to acquire ambulances and staff for them plus do the patient billing. Some fire departments outsource billing. In Contra Costa County, the Fire Department provides the vehicles/ambulances and fire trucks but they contract out the personnel so they don't have to pay benefits and retirement. The City would become liable for all litigation related costs.

If the ambulances provided by a city are not meeting the response time goal, there is no enforcement mechanism to correct that. San Diego's contract with AMR has strict goals and enforcement of response times.

In 2013, the San Diego Taxpayers did a study about possibly switching to department-provided EMS. They estimated the cost for new equipment would be \$16.1 million and \$37.2 million in annual operating costs. Alan Arrollado, President of the SD City Fire Fighters Local 145, said he ran the numbers in 2010-12 and figured the city could handle the capital costs with a bond plus savings from the amount charged vs. the cost amount. Another concept is to add a tax to the property tax bill that would cover EMS service just like property taxes pay for fire-fighting services - everyone would pay instead of the patient being billed.

Emergency Medical Service Fee Per Household

Some governments, like El Cajon, charge a small fee (\$10) on the property tax bill to cover EMS costs not covered by medical insurance such as equipment and staff training. Patients are also billed, but this way, the city recovers more of its costs. The uncertainty of healthcare policy and the increasing number of people who cannot pay or have government funded insurance that does not pay the full amount is forcing cities to make hard decisions on funding what many people regard as an essential service.

Other Innovative Means to Reduce Costs

There are several options for cost sharing between departments such as purchasing cooperatives, sharing equipment or training programs, combining departments, leasing equipment, outsourcing through a competitive bidding process, and sharing facilities. Cities and the county in San Diego could do more of this. In fact, San Diego County does share fire stations on the edge of the City.

Longer response times would also reduce costs. In order to save time, San Diego Fire & Rescue sends all the equipment and men that might be needed to every priority 1 or 2 call. Other departments send one vehicle and fewer people and once they get to the scene and realize they need more help, they call for it.

Committee and Research Process

Committee members are Beryl Flom, Chair; Jeanne Brown, Marietta Lassaline, Kathleen MacLeod, and Cheryl Noncarrow.

We met with:

- Brian Fennessy, Fire Chief
- Gina La Mantia, Deputy Fire Chief for EMS
- Roger Fisher, Deputy Fire Chief for the Metro Zone Emergency Command & Data Center
- Alan Arrollado, President, San Diego Firefighters Local #145
- Eduardo Luna, City Auditor.

We tried comparing San Diego with other California cities and had mixed success getting information from them. Chief Kurt Latipow, retiring from California Cities and the City of Lompoc CA, referred us to a study on response times. Beryl attended the Public Safety and Livable Neighborhoods Committee meetings including one where Citygate (consultant researcher) made their presentation and the Fire & Rescue Department did an update. She also listened to the budget hearings for Fire & Rescue. AMR has refused to meet with the LWVSD.

Consensus Questions

- 1) The City's EMS should meet best practices such as the duration of the contract and quality of service including personnel practices, quality of care, response time, equipment and training.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 2) No contract should be written without a cost-benefit analysis. Any change in fees should be preceded by a financial audit of the EMS contractor.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 3) The City should be one of the bidders for EMS service if it issues a Request for Proposal (RFP).**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 4) Emergency Medical Service (EMS) is an essential core service.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 5) Fire trucks and ambulances should be provided by the government, not contracted out to a private company.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 6) EMS staffing should be provided by the government, not contracted out to a private company.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 7) The costs of EMS should be billed to the patient and supplemented by a separate property tax assessment.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly
- 8) The City should pursue innovative means to reduce costs for EMS.**
Agree Strongly Agree Somewhat Disagree Somewhat Disagree Strongly