

Memorandum

City of Lawrence

Fire Medical

TO: Craig Weinaug, County Administrator
Diane Stoddard, Interim City Manager

FROM: Chief Mark Bradford

CC: Sara Plinsky, Assistant County Administrator
Casey Toomay, Assistant City Manager

DATE: November 9, 2015

RE: Request for Increase in Ambulance Fees

AMBULANCE RATES

Fire Medical currently operates the emergency medical service under the direction of the 2008 City Ordinance No. 8312 and County Resolution No. 08-28 A Joint Resolution/Ordinance Concerning Charges for Ambulance Services. The governing bodies of the City of Lawrence and Douglas County jointly establish fees for emergency medical services.

The Mid-America Regional Council Emergency Rescue (MARCER) committee conducted a survey of regional ambulance rates in February 2013. The survey at that time revealed that Fire Medical fees are below the average rates charged by regional ambulance service providers responding to the survey. Fire Medical rates last changed in 2008 following a 2007 MARCER survey. Each of the ambulance services were contacted by telephone during March 2015 to verify and update the information provided during the 2013 survey.

The 2013 MARCER analysis focused on three categories: Mileage, Advanced Life Support 1 (ALS-1) rates, and Advanced Life Support 2 (ALS-2) rates. Charges for individual drug treatments, supplies and procedures are included in the Fire Medical rate charges and not a part of the survey results. The 2015 information below includes ambulance service providers responding to the survey charging a flat rate plus mileage for services. Illustrative charts are included at the end of the memo.

2013 and 2015 respondents included Fort Osage Fire District, Lee's Summit Fire Department, Johnson County Med-Act, Kansas City, KS Fire Department, Bonner Springs Ambulance District, North Kansas City Fire Department, Belton Emergency Services, Gladstone Public Safety Department, Overland Park Fire Department, Platte County Fire District, and Lawrence-Douglas County Fire Medical.

Mileage

Mileage (per statute mile) charges for ambulance service providers surveyed ranged from \$7.00 per mile to \$17.50 per mile (chart attached). The 2014 average rate of surveyed providers was \$9.73 per mile, an increase of 3% from 2013. Fire Medical currently charges \$7.38 per mile or \$2.12 per mile below the average regional per mile rate. Mileage reimbursement in 2015 for Medicare is \$5.62 (\$1.76 less than the charge), for Medicaid \$2.50 (\$4.88 less than the charge), and for most private insurance, \$7.38. In 2014, we billed 48,096 miles for EMS service calls.

Advanced Life Support-1 (ALS-1 includes ALS assessment, intervention, transport)

ALS-1 rates for the ambulance service providers surveyed ranged from \$395 to \$1300 during 2014. The regional average is \$741. Fire Medical charges \$559 for all ALS emergency and non-emergency calls, 32% less than the area average.

Advanced Life Support-2 (ALS-2 includes ALS intervention, drugs, CPR, defib, transport)

ALS-2 2014 rates for the ambulance service providers surveyed ranged from \$400 to \$1450. The average is \$807. Fire Medical charges \$619, which is 30% less than the area average.

In 2014, there were a total of 2,985 ALS-1 calls and 79 ALS-2 calls.

Basic Life Support (BLS)

The 2013 MARCER survey did not include BLS rates. Fire Medical personnel verified BLS rates with the survey respondents. Regional BLS rates range from \$336 to \$1300 with or without BLS assessment and/or care. The average 2014 rate for those surveyed was \$717 and Fire Medical charges \$476 for all BLS services or 34% less.

Medicare Reimbursement

Each year the Federal Centers for Medicare & Medicaid Services establishes the allowable charge rates charged to Medicare for all medical services. Medicare then reimburses the service provider up to 80% of the allowable rate for the service provided. However, since April 1, 2013, Medicare reduced by 2% all allowable reimbursement amounts.

In 2012, Medicare reimbursed mileage at \$5.62 per mile and the current mileage reimbursement is \$5.75 per mile, an increase of 1/8% in 3 years.

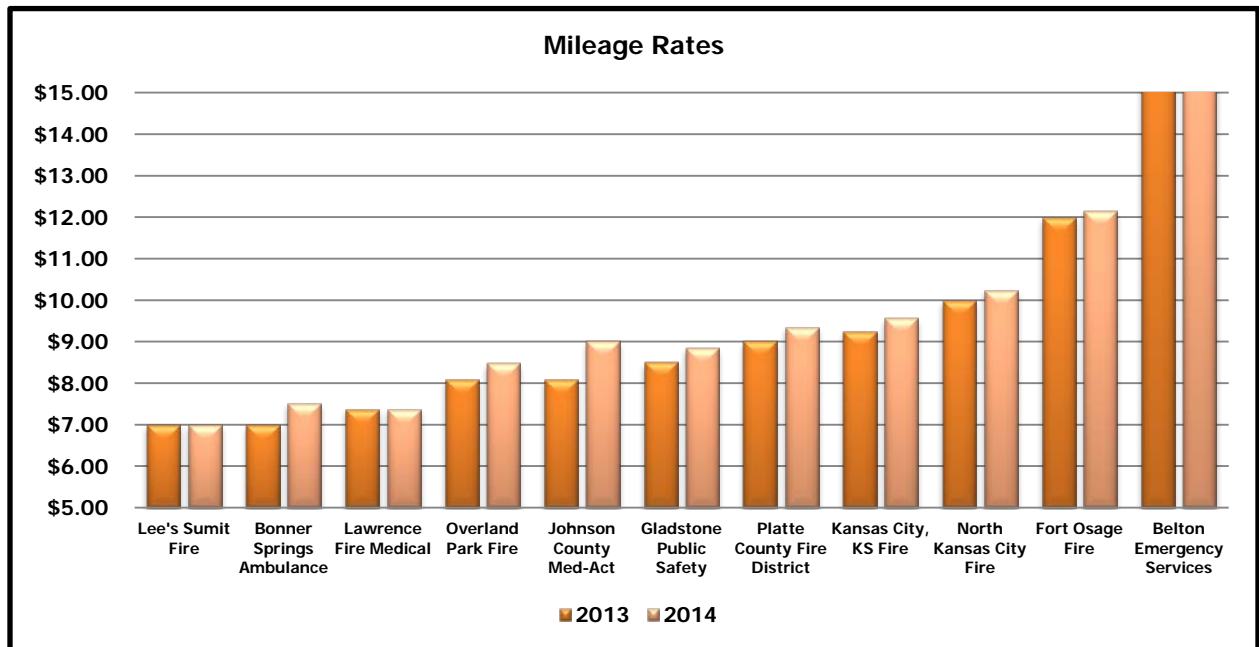
Medicare 2012 reimbursement was \$194.42 for ALS-1 non-emergency calls and \$307.84 for emergency calls. In 2015, Medicare ALS reimbursement is \$200.17 for non-emergency and \$316.95 for emergency services, a 3% increase.

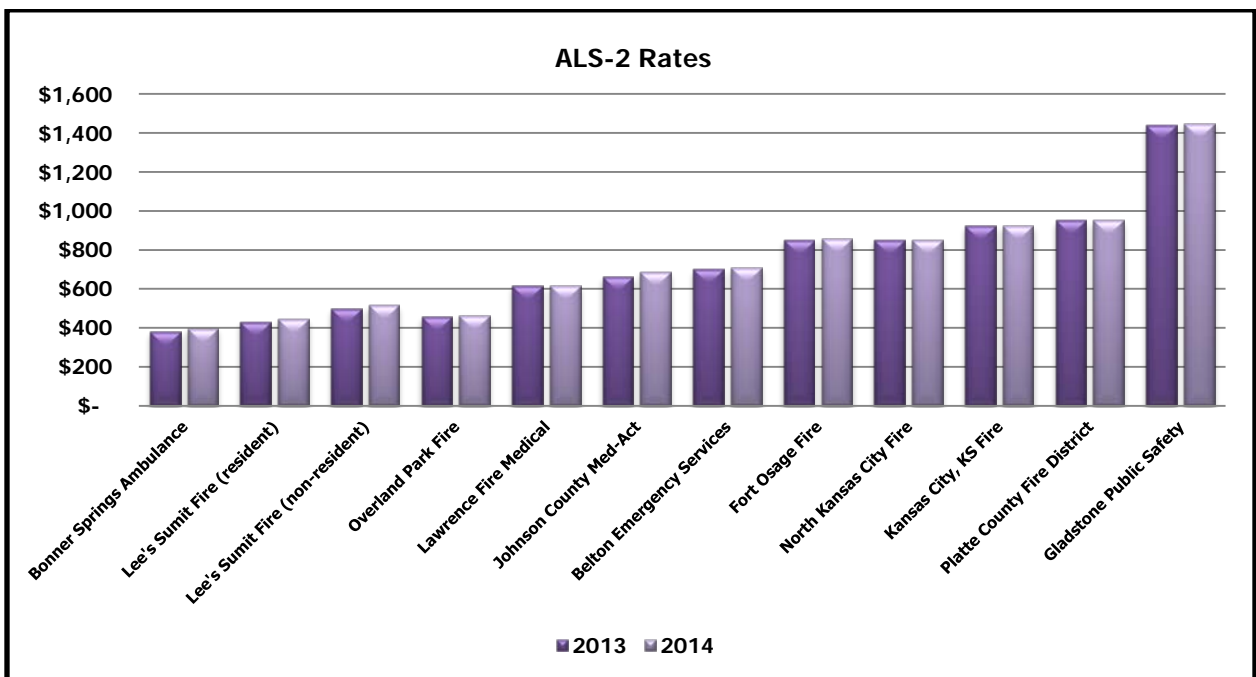
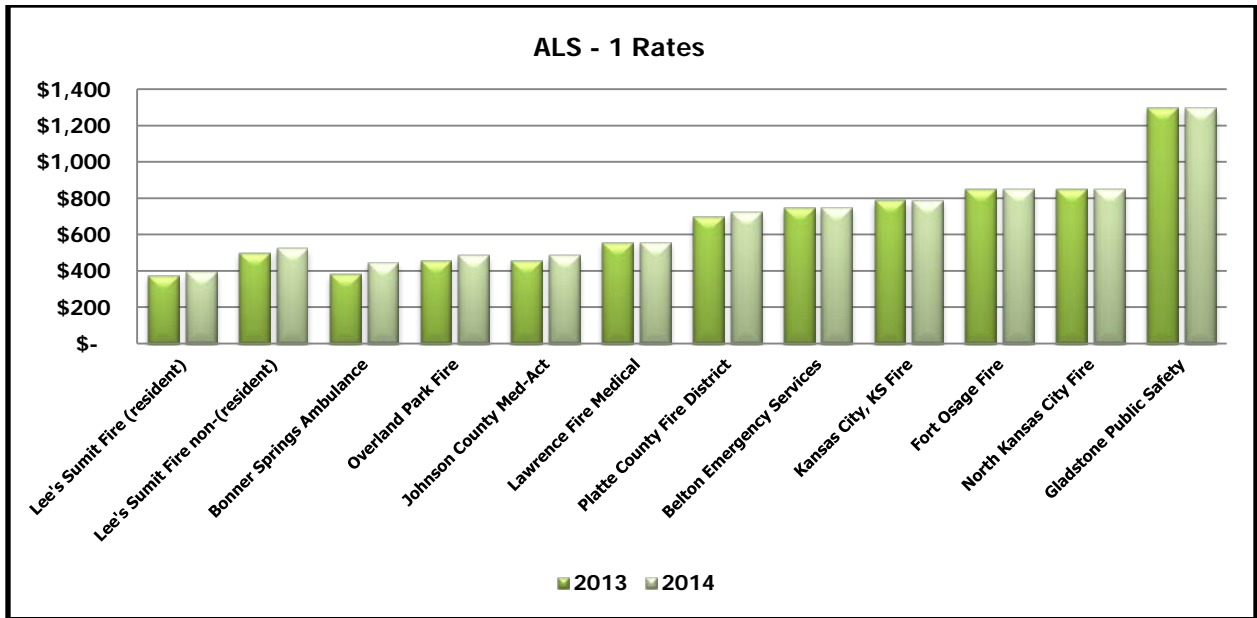
In 2012, Medicare reimbursed BLS non-emergency calls at \$162.02, and \$259.23 for emergency calls. The 2015 BLS reimbursement will be \$160.05 for non-emergency and \$266.91 for emergency calls, or a 3% increase over the 3 years.

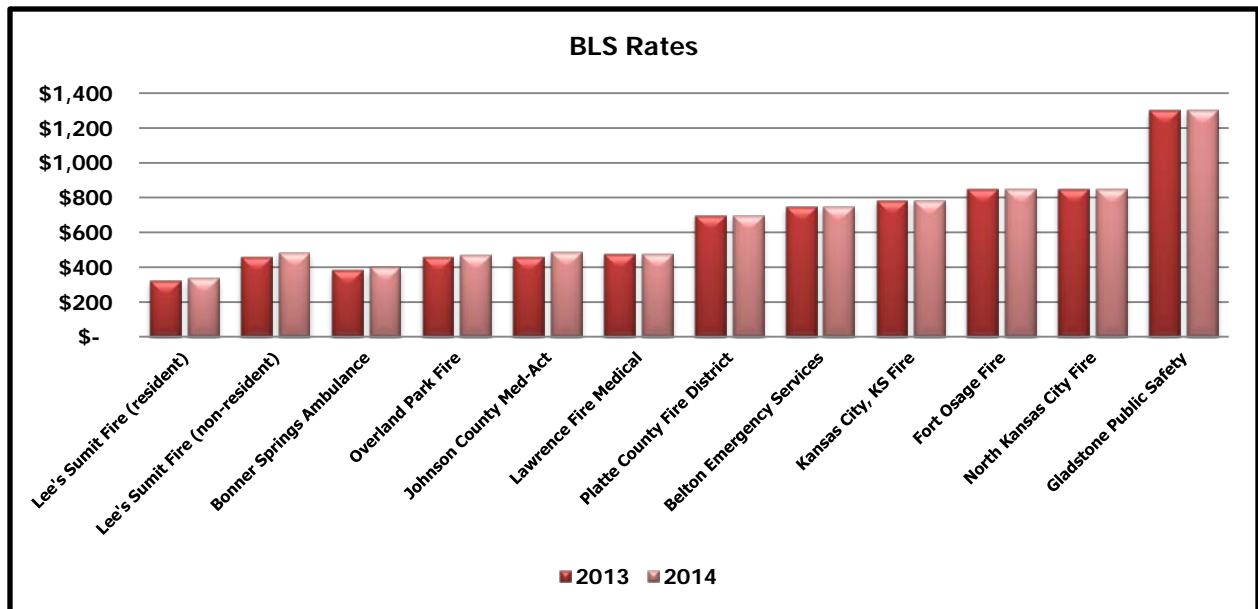
Another consideration to possible rate changes are the call billed and revenue amounts by percentage of source. The following chart illustrates differences in the bill recipient and the source of the income.

Source	Revenue	Billed
Medicare	41%	40%
Medicaid	6%	6%
Private Insurance	33%	15%
Self Pay	15%	60%

2013-2014 Comparison of Rates







Recommendation for EMS Rate Changes:

The surveys and comparisons indicate that in each of the categories analyzed, Fire Medical charges are below the area average rates. The EMS call volume continues to increase an average of 3.5% annually. Since 2008, the department has seen a 23.5% increase in EMS calls.

EMS Call Volume	Calls	% Increase
2008	7288	4%
2009	7592	4%
2010	7763	2%
2011	7981	3%
2012	8211	3%
2013	8734	6%
2014	9001	3%

1. We recommend that the City and County consider increasing ambulance user fees for ALS and BLS calls and mileage from the rates below:

	ALS-1	ALS-2	BLS-E	Mileage
Current Rates	\$ 559	\$ 619	\$ 476	\$ 7.38
Proposed % Increase				
3%	\$ 576	\$ 638	\$ 490	\$ 7.60
5%	\$ 587	\$ 650	\$ 500	\$ 7.75
10%	\$ 615	\$ 681	\$ 524	\$ 8.12
12%	\$ 626	\$ 693	\$ 533	\$ 8.27
13%	\$ 632	\$ 699	\$ 538	\$ 8.34
15%	\$ 643	\$ 712	\$ 547	\$ 8.49

20%	\$ 671	\$ 743	\$ 571	\$ 8.86
25%	\$ 699	\$ 774	\$ 595	\$ 9.23
30%	\$ 727	\$ 805	\$ 619	\$ 9.59
35%	\$ 755	\$ 836	\$ 643	\$ 9.96
40%	\$ 783	\$ 867	\$ 666	\$ 10.33

We recommend a phased increase over the next three years. Beginning January 1, 2016 increase our rates by 15%, January 1, 2017 increase to 20% and January 1, 2018 increase to 25% as listed in the chart above.

The recommended phased approach will still place our rates below the regional market by approximately 30%.