

JOURNAL OF COMMISSION WORK SESSION
September 6, 2011

City Commission Work Session

Mayor Winters presiding

CALL TO ORDER: 5:30 p.m.

ROLL CALL: City Commissioners present: Michael J. Winters, Bill Bronson, Fred Burow, Mary Jolley, and Robert Jones. Also present were the City Manager; Deputy City Manager; City Attorney; Directors of Planning and Community Development and Public Works; Executive Director of the Housing Authority; Fire Chief; Police Chief; and the Administrative Secretary.

1. GREAT FALLS EMERGENCY SERVICES AMBULANCE RATES

Fire Chief Randy McCamley introduced David Kuhn, owner of Great Falls Emergency Services (GFES), the ambulance company the City has a contract with to provide transport of the sick and injured specific to 911. One of the provisions in the Performance Contract allows for periodic rate increases. However, proposals for rate increases must be presented to the Fire Chief who is also the City Emergency Medical Services Administrator. Chief McCamley stated his job is to advise the Commission whether the rates are appropriate and necessary within the market. The proposed rate increases will be brought before the Commission for approval at a later date.

Mr. Kuhn introduced GFES Manager Justin Grohs and Crew Chief Justin Eyring, who is involved with operations. Dr. John Stowers is the Medical Director; John Ungaretti takes care of health care billing; and Missoula Manager Don Whalen helps out occasionally.

Mr. Grohs explained an Advanced Life Support (ALS) ambulance must be at a medical emergency within Great Falls within nine minutes at least 90% of the time, per the contract. He noted that criteria has been met or exceeded, ranging from 93%-97%.

Mr. Kuhn reported OCCGF 8.9.375 states that a proposed ambulance fee schedule must be submitted that will be approved by the City Commission if said fees are consistent with industry best practices, the market, and applicable federal and state laws.

Mr. Kuhn explained GFES has traditionally been below market. Benefis is now doing most of their own transports between the two facilities. GFES lost approximately 1,000 transports (15%). The proposed increase would bring rates to the market.

To be successful in a community the size of Great Falls, a 911 provider must provide county, hospital, 911, non-emergent, etc. transports. Non-emergent transports actually drive down 911 rates.

Mr. Ungaretti reported factors involved with ambulance rates include the payer mix, specifically with Medicare allowances. Cascade County is included with urban rates that also include cities like Seattle and Los Angeles. Over 12 years, Great Falls has been the lowest collection percentage among the 50 ambulance services billed. Approximately 50% of transports are

Medicare, and reimbursement is below the cost of providing service. With Medicaid and self pay, the majority of services are provided below cost. Most of those losses are made up with insurance.

Mr. Kuhn explained that GFES currently receives 10%-14% under cost from Medicare and 45%-50% below cost from Medicaid. When 80% of the business loses money, the rest must be made up on the insurance side. The trend is more that way as fewer people are employed and have insurance.

Mr. Kuhn reported the American Ambulance Association asked the General Accounting Office (GAO) to do a report on Medicare reimbursement. Results showed providers who bill for Medicare ambulance service lose 6%. Areas with a higher volume will be close to breakeven.

Mr. Kuhn noted that even though rates could be increased \$100, only 15.8% of the people would be billed. Medicare, Medicaid, and self pay will not pay more. With a 90% collection rate on 15.8% of the business, there would be an annual increase of 14.22%.

Comparable private rates averaged a base rate of \$963. However, other fees are charged and not all pay city fees. With those adjustments, a fair market rate in Great Falls would be approximately \$1,075. Mr. Kuhn noted GFES pays about \$62,000 to the City for dispatch fees, contract management fees, etc.

City Manager Greg Doyon questioned if the comparable companies are in-state. Mr. Kuhn responded they are Montana companies.

Commissioner Bronson questioned private market areas in Montana. Mr. Kuhn reported AMR covers Bozeman and Billings; GFES covers Missoula and Great Falls; A-1 is in Butte; and Tim Brewster is in Polson. Three Rivers EMS is in Columbia Falls, and Helena is covered by St. Peter's Hospital.

The average of comparable rates for public fire-based services is \$802, and most receive a county subsidy. With a subsidy and City fee adjustment, the adjusted average would be \$1,232 to show a comparison. Tax dollars are not included.

Mr. Kuhn noted an example of a small community for comparable rates that receives county dollars of \$20 per transport and taxes of \$425 per call. He explained it is very difficult to compare base rates.

Mr. Kuhn noted community size makes a difference. Losing 1,000 transports could increase costs by \$30 per transport because the GFES collection rate is 37.6%. In a big city with 10 ambulances, one can be dropped. It is hard to drop one in a small community with two or three.

Mr. Ungaretti showed an example of an invoice from a private ambulance service in Montana. He noted items coded with a procedure code for additional charges. Those charges would not be covered by an insurance plan, Medicaid, etc. GFES would charge \$191 less for the same type of call and the codes would be covered by the different insurance companies. The patient would pay an additional \$266 above their normal co-pay on the example invoice.

Mr. Kuhn noted base rates can be kept low by adding additional fees; GFES is choosing not to do that. He showed an example of an invoice with the new rates.

Mr. Grohs reported GFES is putting effort into additional cost savings by reducing work comp costs; discontinuing the wheelchair van which was a community service that would lose money; and looking at other sources of revenue to make sure the company can remain financially stable.

Mr. Kuhn compared the affect of the new rates among 500 insured City employees. He noted an employee with a 30% co-pay would pay an additional \$58 for a transport, and only seven employees would pay that amount. In the entire community, there are about 800 transports who will pay that increase.

Mr. Kuhn reviewed the increased rates and fees, including ALS Emergent, Basic Life Support (BLS) Emergent, mileage, and services. The mileage is loaded miles, when someone is in the ambulance.

Mr. Doyon questioned if the proposed rates are county-wide. Mr. Kuhn responded that is correct. He added the County has been informed of the proposed rates.

Mr. Kuhn requested the proposed rate increases effective October 1, 2011. He also requested rate increases after July 1, 2012 and after July 1, 2013 tied to the Annual Western Region Urban Consumer Price Index, weighted according to the kind of business.

Discussion followed regarding Benefis' facility transport services. Mr. Kuhn noted Benefis made it possible for GFES to keep rates low.

Mr. Doyon asked if GFES was aware of any provider potential business models that would affect rates in the short term. Mr. Grohs responded that Medicare rates are always an unknown and usually unfavorable to the health care industry. If those rates would go lower or if the number of private insurers would become fewer, that would be a concern. Mr. Kuhn added those concerns are a reality because of health care reform.

Mayor Winters questioned why a fire truck responds to a call, followed by an ambulance. Chief McCamley responded the system was designed to work together in coordination. The EMS system involves dispatch, GFFR first response, ambulance transport, and the handoff of a patient to ER. The public sees a tiered response. GFFR is strategically located around the city and has an advantage when responding to 911 calls. ALS paramedics begin treatment and work as a team with the ambulance crew when they arrive to continue patient care, package the patient, and transfer the patient to the ambulance to be taken to the hospital. Sometimes firefighters ride in the ambulance to assist the ambulance staff. Generally the ambulance is staffed with one driver and one medic in the back. He noted the new Emergency Medical Dispatch allows GFFR to arrive at the scene and help determine if a transport is needed.

Mayor Winters suggested an educational program to inform citizens of the process. Chief McCamley responded the GFFR web site provides information under "Frequently Asked Questions." He added GFFR doesn't charge a fee when responding to medical calls. Any

appropriate fees are assessed through GFES. He noted they can continue to do a better job educating the public.

Commissioner Jolley questioned if the requested rate increases in 2012 and 2013 would come before the Commission. Mr. Kuhn responded the increases would be automatic unless a larger increase was needed.

Commissioner Jolley asked if supplies used by GFFR were reimbursed by GFES. Mr. Grohs responded the materials are replaced. Mr. Kuhn added GFES pays for the oxygen.

Commissioner Jones noted the 911 service was designed so that anyone dispatched from the center would pay a fee for the service, i.e., fire department, sheriff's department, police department, etc. The center is also supplemented for telephone service within the community.

Commissioner Jones stated he is reluctant to support automatic increases. He would like an update next year, especially with health care reform. He also requested GFES share the information presented with the County Commission. He believes they should review the mileage issue because they have multiple ambulances.

Mr. Grohs reported the County has been informed of the rate adjustment. He added that the Belt ambulance (basic life support) and GFES are dispatched when a medical emergency occurs in that area. Depending on the condition of the patients, one of the services transports the patient.

Commissioner Burow asked when GFES received the last rate increase. Chief McCamley responded the current rate has been in effect since the beginning of the contract (almost three years) and there are two years remaining on the contract.

Commissioner Burow commented that the quick response by GFFR greatly improves a patient's survival rate. He also agreed the use of the fire truck when responding to a medical emergency also allows a quick response to a fire call. Chief McCamley added that many times people must be extricated from a car wreck, in addition to environmental concerns from leaking fluids. An ambulance doesn't carry that extra equipment, nor do they have that level of training.

Chief McCamley added they continue to look at models of efficiency to meet the needs of the community. He reported the City has a medium-duty Rescue 1 apparatus licensed as a backup ambulance for the rare occasion when the ambulance company couldn't get to a call. It is also used on many medical calls.

Commissioner Bronson commented the current system is a much less chaotic system than previous years when two or more companies were trying to survive in the market.

ADJOURN

There being no further discussion, Mayor Winters adjourned the work session of September 6, 2011, at 6:18 p.m.