

Tuesday, December 7, 2004

Honorable Mayor and Members of
The Hermosa Beach City Council

Regular meeting of
December 14, 2004

AMBULANCE TRANSPORT PROGRAM

RECOMMENDATION

It is recommended that the City Council direct staff to solicit proposals for private ambulance transport service.

BACKGROUND

During 2004-05 budget deliberations, staff recommended that ambulance transport services be analyzed to determine if there were ways to increase fire service to the community without decreasing net income from the ambulance transport service we provide now. Preliminary analysis indicated that the City might be able to increase fire services by privatizing ambulance transport and shifting personnel to staffing of a second engine company for fire response.

ANALYSIS

During the preliminary analysis of the ambulance transport service, it became apparent that there is no effective way to judge the "pass through" revenue that would be received from privatizing this service without formally soliciting proposals from interested companies.

The Fire Department had meetings with one company, McCormick Ambulance, and determined that the concept is indeed workable, however, we need to seek proposals to ensure the return to the City is maximized. The McCormick discussions were based on the assumption that transport fees would be billed at the highest allowable rate set by Los Angeles County.

Several points came to light during our analysis:

- Currently, it is difficult for the Fire Department to respond to a second call, or to a request for automatic-aid, when a call is already in progress. In order to increase fire response if ambulance transport service is outsourced, it would be necessary to address staffing by assigning an additional Captain for each shift (3). Our paramedics would still accompany patients on advanced life support (ALS) calls. More information on these details will be presented with the analysis of the proposals.

- Hermosa Beach transport fees are very low, compared to other cities, as shown by the attached chart. The City bills non-residents \$561 and residents \$281. The City is indirectly subsidizing insurance companies by not billing the maximum rate payable by insurance coverage. If the City wants to continue discounting resident amounts, this may be easily achieved by billing the full cost to the insurance company and then accepting whatever payment is made by residents or their insurance. Non-residents would be billed and expected to pay the full amount.
- Billing should be handled by the private ambulance company or a separate billing firm if the service is kept in-house. Both Manhattan Beach and El Segundo use a private billing company who is expert in the field, thereby increasing collections and increasing productivity by relieving staff to do other work.

With City Council concurrence, staff will send out a Request for Proposals for ambulance transport services. The proposals received will allow staff to analyze whether outsourcing the service makes sense and return to City Council with a recommendation. If outsourcing does not prove beneficial, staff will return with a recommendation regarding billing and collection services.

The expected time frame for this project is two months.

Respectfully submitted,

Concur:

Russell Tingley
Fire Chief

Stephen Burrell
City Manager

Viki Copeland
Finance Director

BILLING RATE	CITY	PASS THROUGH AMOUNT/REVENUE	COLLECTION RATE	CONTRACTOR
BLS 438.25 ALS 692.00 Code 3 92.00 Mileage 12.25/mi	El Segundo		70% (City accepts insurance payment as full payment for residents)	Wittman bills/collects for fee of 6.5% of net collections Uncollectibles are sent to Credit Bureau of Santa Monica, fee of 10% - 40%
BLS 430.00 ALS 659.00	Manhattan Beach		80-90%	Wittman bills/collects for fee of 7.5% Uncollectibles are sent to Credit Bureau of South Bay for 50% fee
BLS 386.75 ALS 593.00	Redondo Beach	117.56 (ALS minus BLS times 60% -5% Admin Fee)	Westmed does not provide a cumulative collection rate to the City.	Westmed
BLS 421.00 (438.00-17.00) ALS 671.75 Code 3 93.25	Torrance	343.00 (ALS minus BLS + Code 3)	72%	Gerber RFP out for collections
Resident 281.00 Non- resident 561.00	Hermosa Beach		72%	