

Agenda Report

February 4, 2013

TO: Honorable Mayor and City Council

THROUGH: Finance Committee (January 28, 2012)

FROM: Fire Department

SUBJECT: AMENDMENT TO THE FISCAL YEAR 2013 GENERAL FEE SCHEDULE UPDATING RATES FOR PARAMEDIC BILLING

RECOMMENDATION:

It is recommended that the City Council:

1. Approve an amendment to the General Fee schedule adjusting the following billing rates for paramedic services.
 - A. Change fee #120, Advanced Life Support transport, from \$1,169 to \$1,412
 - B. Change fee #121, Basic Life Support transport, from \$819 to \$1,010
 - C. Change fee #122, Code 3 Transport, from \$111 to \$128
 - D. Change fee #123, Mileage, from \$17/mile to \$18/mile
 - E. Change fee #124, Basic Life Support Supplies, from \$25 to \$27
 - F. Change fee #125, Advanced Life Support Supplies, from \$25 to \$27
 - G. Change fee #129, Oxygen, from \$57 to \$64
2. Approve an amendment to the General Fee schedule adding the following new fees:
 - A. Code 2 Transport \$50
 - B. Backboard, splints, KED \$50
 - C. Traction splints \$91

BACKGROUND:

On January 28th the staff recommendation was presented to the Finance Committee. The purpose of the recommendation was to align Pasadena's various fees for paramedic services to that of Los Angeles County. Although the Committee approved

the recommendation, staff was requested to provide additional information in regard to how these fees are calculated and confirm that they are consistent with the provisions of Section 1.08.070 of the Municipal Code, which requires that City charges for service not exceed the cost incurred in providing the service.

The County fee structure dates back to the 1960's and was implemented in response to private ambulance operators charging varying rates to patients. Given that those suffering medical emergencies are not in a position to comparison shop for ambulance services, establishment of a fixed-fee for all operators to adhere to was considered appropriate by the Board of Supervisors who had the authority to regulate in this area.

The County rate is intended to represent a prevailing market rate and is not based on a cost of service model. The County increases the rate each year in an alternate fashion by an amount equal to the change in the Consumers Price Index (CPI) or changes in the prevailing rate across other California Counties. In other words, in one year the County uses the change in CPI and in the following year relies on a survey of other county rates.

Although not required to do so, the City of Pasadena has historically followed the County rates, as have other municipal fire agencies surrounding Pasadena, in order to maintain consistency in our geographic region. However, as indicated above, per the requirements of the Municipal Code the City's fee may not exceed the cost of providing services.

In order to determine the cost of providing various services, the City periodically undertakes a cost of service study. The last cost of service study, which included a review of paramedic services, was completed in 2005 by the firm of Maximus consulting. That analysis, which examined the direct and indirect costs of providing Advanced Life Support (ALS) services as well as the revenue recovery rate, determined that the City could cost justify an ALS billing rate of \$1,038. Rather than adopt the full cost of service rate of \$1,038, the City Council was asked to, and approved the County rate of \$844 for fiscal year 2006.

A review of the cost of service model from the 2005 study indicates that updating the data to reflect current costs would result in a fee that would well exceed the proposed County rate. By way of example, in 2005 the hourly rate, excluding benefit costs, for a Firefighter II position, which encompasses more than 90% of the labor involved in providing ALS services, was \$22.34. Today the rate is \$27.76, or roughly 24% higher. Accounting for benefits as well as increases in other allocable overhead, the increased cost of providing this service would be even higher.

In regard to BLS services, staff is recommending that the Council adopt the County's rate of \$1,010. Although it wasn't included in the prior cost of service study due to the fact the City didn't provide this service at the time, the proposed fee appears to be well within the City's cost of service. The BLS fee is roughly 30% less than the ALS fee. Moreover, the City's true cost for providing ALS well exceeds the proposed \$1,412 fee for that service. Consequently, even though the City's one BLS ambulance is staffed

with Ambulance Operators earning less than half the annual salary of a Fire Fighter II, the total cost of operations would be expected to exceed the \$1,010 fee.

In summary, based on a variety of factors including: a) the fact that the City's adopted 2006 ALS rate was approximately 23% less than the true cost of service; b) City labor and benefit costs, particularly CalPERS retirement rates have significantly increased during the intervening period, and c) increases in the County rate based on changes in the CPI, performed every other year, are unlikely to keep pace with the growth in Pasadena's costs, staff believes it is more than reasonable to conclude that Pasadena's cost of service well exceeds the proposed County fees and are therefore in keeping with the provisions of the Municipal Code. Nonetheless, staff acknowledges that a full cost of service study has not been conducted in regard to these fees since the 2005 analysis. Should the Council desire, that analysis could be performed prior to implementation of the proposed rates, however, it is not required and would delay the generation of additional General Fund revenue as outlined in the Fiscal Impact section of this report.

COUNCIL POLICY CONSIDERATION:

The proposed amendment is consistent with the City Council's strategic plan goal to maintain fiscal responsibility and stability.

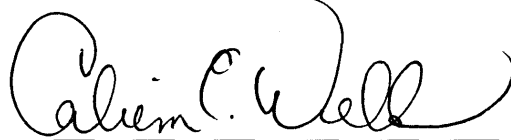
ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15061(b)(3) in that the action proposed does not have the potential for causing a significant effect on the environment. A change in fees does not have a potential to cause such an effect.

FISCAL IMPACT:

The increased fees will result in approximately \$75,000 in additional revenue in fiscal year 2014. This increase will be factored into the fiscal year 2014 adopted budget. In anticipation of this action, the fiscal year 2013 budget was increased by \$35,000 to reflect approximately one-half year of increased fees.

Respectfully submitted,



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