



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 330

Review of Fourth Amendment to 2011 Emergency Medical Services Agreement with Rural/Metro (American Medical Response)

OVERVIEW

At the City Council meeting of Tuesday, October 24, 2017, the City Council will be asked to approve a fourth amendment to the 2011 Emergency Medical Services (EMS) Agreement with Rural/Metro of San Diego (American Medical Response – AMR) Ambulance Corporation. On October 4, 2017, the Public Safety & Livable Neighborhoods Committee reviewed the proposed amendment and forwarded it to the City Council with a recommendation for approval as amended.

The City's current EMS agreement with AMR runs through June 30, 2020. The proposed amendment would allow the City to develop and issue a new Request for Proposals (RFP) for EMS transportation services over the next 18-20 months and to terminate the current agreement early, by mutual agreement with AMR, at the conclusion of the RFP process sometime between May 2019 and July 2019.

In the interim, the fourth amendment would implement a number of significant policy changes to the City's EMS transportation service, which are described in the Fire-Rescue Department's staff report for this item. These changes include a reduction of Emergency Response Zones from eight to four zones, a revised response time matrix for call Priority Levels, and a phased-in 24% increase to patient charges. The Department has indicated that these policy changes are necessary to ensure the uninterrupted provision of EMS transportation services by AMR while the City develops and issues a new RFP. This report provides additional information on the EMS transportation policy changes that would take effect if the fourth amendment is approved as presented to Council.

FISCAL/POLICY DISCUSSION

Changes to Emergency Response Zones

The City's current EMS agreement divides the City into eight geographical Emergency Response Zones for the purposes of response time reporting and compliance. AMR is required to meet response time standards based on call severity (described later in this report), within each of these zones, 90% of the time. The intent of the geographic zones is to ensure equitable response time compliance across all areas of the City. The proposed amendment would reduce the number of Emergency Response Zones from eight to four.

The number of Emergency Response Zones in the City has varied over time. The original 2011 EMS agreement included four zones. In 2015, amendments to the EMS agreement increased the number of zones to eight. At that time, the Fire-Rescue Department and the City Council indicated a desire to increase equity in response times across the City by increasing the number of zones. Since that time, the EMS provider has experienced difficulty meeting response time standards in all eight zones. The proposed fourth amendment would return to the City's previous policy of enforcing response time compliance across four geographic zones.

Changes to Call Priority Levels

The City currently categorizes calls for EMS service by severity into one of three levels: Priority Level 1, Priority Level 3, and Priority Level 4 (there is no Priority Level 2). Each Priority Level has a different response time standard. The proposed EMS amendment would retain three distinct Priority Levels but would simplify the numbering system and improve response time standards for lower-level calls. Table 1 below illustrates the proposed changes to call Priority Levels.

Table 1: EMS Priority Levels

Priority Level	Current Agreement	Proposed Amendment
Level 1	Life-threatening emergency response; 12 minutes	Life-threatening emergency response; 12 minutes
Level 2		Emergency response, non-life-threatening; 15 minutes
Level 3	Emergency response, non-life-threatening; 15 minutes	Non-emergency response; 25 minutes
Level 4	Non-emergency response; 30 minutes	

Changes to Patient Charges

If approved as presented to the City Council, the proposed EMS amendment would increase the patient charges paid by ambulance users to AMR by a total of 24% by January 1, 2018.¹ The City does not charge or accept payment from ambulance patients. Under the EMS agreement, patients are billed by and pay AMR for ambulance service. AMR pays the City an operational fee on an

¹ The proposed amendment would increase patient charges by 9% on the earlier of the effective date of the agreement or October 24, 2017. Patient charges would increase an additional 15% on January 1, 2018.

annual basis to support EMS services citywide, including firefighter paramedics, which are funded by the Fire-Rescue Department. For Fiscal Year 2018, AMR’s operational fee is approximately \$10.7 million, which is deposited into the EMS Transport Fund. The proposed changes to patient charges would not affect the EMS operational fee, nor would they have any direct fiscal impact on the City. Table 2 below illustrates the proposed changes to ambulance patient charges for three common service types.

Table 2: Ambulance Patient Charges

Service Type	Current Agreement	Proposed Amendment, October 2017	Proposed Amendment, January 2018
ALS Emergency 1	\$1,933.05	\$2,068.37	\$2,396.98
ALS Emergency 2	\$2,154.31	\$2,305.12	\$2,671.34
BLS Emergency Transport	\$1,631.27	\$1,745.46	\$2,022.77

Timeline for New RFP

As stated earlier, the proposed amendment would allow the City to develop and issue a new RFP for EMS transportation services over the next 18-20 months and to terminate the current agreement early, by mutual agreement with AMR, at the conclusion of the RFP process sometime between April 2019 and June 2019. The Fire-Rescue Department has provided the following estimated timeline for the new RFP process, assuming a conservative 20-month duration:


- October 2017: Begin RFP development, system design, testing
- April 2018: State reviews RFP
- June 2018: City issues RFP
- November 2018: City receives bids
- February 2019: City completes bid evaluation
- May 2019: Committee/Council approval of bid award
- July 2019: Committee/Council approval of new contract

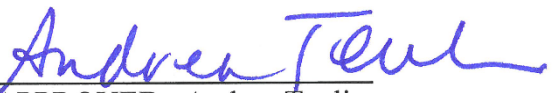
The Fire-Rescue Department has also indicated that, subsequent to contract approval, a transition period may be required to ensure continuous EMS service.

CONCLUSION

The proposed fourth amendment to the 2011 EMS Agreement would allow the City to initiate a new RFP process for EMS transportation services and would likely result in a new EMS agreement going into effect around July 2019 as opposed to July 2020. The proposed amendment would also implement a number of significant policy changes to the City’s EMS transportation service, which we have analyzed in this report. These changes include a reduction of Emergency Response Zones from eight to four zones, a revised response time matrix for call Priority Levels, and a phased-in 24% increase to patient charges. The amendment would not have any direct fiscal impact on the City. The Fire-Rescue Department has indicated that the proposed amendment is necessary to ensure continuous EMS transportation service while a new RFP is designed and implemented. Whether or not AMR would continue to provide EMS service to the City absent the proposed

contract amendment is unknown. However, public statements by AMR at Committee have indicated that the company believes the proposed amendment is vital to its ability to continue to serve the City of San Diego. Ultimately, a new RFP will likely provide the City with an improved EMS system designed to meet Fire-Rescue's changing needs. In the interim, however, there may be unintended consequences of the policy changes included in the proposed amendment to the EMS Agreement. Should the City Council approve the amendment, we recommend that the Fire-Rescue Department submit frequent and regular updates to the Public Safety & Livable Neighborhoods Committee on response time compliance and the status of the RFP process.


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