



THE CITY OF SAN DIEGO

---

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

---

Date Issued: April 25, 2014

IBA Report Number: 14-14

City Council Docket Date: April 28, 2014

Item Number: 200

---

# Second Amendment to 2011 Emergency Medical Services Agreement

## OVERVIEW

At the Council meeting of Monday, April 28, 2014, the City Council will be asked to approve a second amendment to the 2011 Emergency Medical Services (EMS) Agreement. The amendment provides for a one year extension of the current contract between the City and Rural/Metro for the provision of EMS transportation services through June 30, 2015. Separate from this action, a new EMS Request for Proposals (RFP) will be released in May 2014. Following the release of the RFP, the process of selecting the City's next EMS provider will take place over an eleven- to twelve-month period.

In addition to extending the EMS contract through June 30, 2015, the amendment proposes the following major provisions which respond to recent issues regarding response times:

### *Elimination of Exemptions*

Effective July 1, 2014, current contract language that provides for an Unusual System Overload (USO) exemption will be eliminated. The USO exempts compliance with contractually required response times when 12 or more ambulances are responding to 911 calls.

### *Addition of One Ambulance Unit*

In preparation for the elimination of the USO exemption, Rural/Metro will add a new twelve-hour ambulance unit to Medical Zone 1 (South Bay) beginning May 1, 2014. The additional ambulance unit has been deemed necessary to address issues with response time compliance in this zone. Issues with non-compliance were recently identified in Medical Zone 1 by the Fire-Rescue Department after a carefully analyzing all USO-exempted calls for the first seven months of this fiscal year. The department's analysis demonstrated that had these exemptions not

existed, Rural/Metro would have been penalized for non-compliance in Zone 1 based on contractual response time requirements.

The additional ambulance unit will cost \$313,000, which will be funded with \$203,000 from Rural/Metro and \$110,000 from the City. A detailed discussion of this funding arrangement is provided in the Fiscal/Policy Discussion of this report.

***Changes in Compliance Reporting***

EMS calls in the City of San Diego are categorized into three Priority Levels based on severity of need. Priority Level 1 calls, which are life-threatening, have a contractual response time standard of 12 minutes or less. Level 3 and 4 calls, which are not life-threatening, have response time standards of 15 and 30 minutes or less, respectively. Note that Level 2 is obsolete and no longer exists. In addition, the City also categorizes EMS calls geographically by Medical Zone. There are four Medical Zones in the City.

The current contract requires that response times for all three Priority Levels – 1, 3, and 4 – be reported separately Citywide and/or by Medical Zone as shown below.

Current Compliance Reporting

<b>Priority Level Data</b>	<b>Geographic Area</b>	<b>Response Time</b>
Level 1 – Life-threatening	Citywide and by Zone	12 minutes
Level 3 – Urgent, non life-threatening	Citywide	15 minutes
Level 4 – Non-emergency	Citywide	30 minutes

Should the proposed contract amendment be approved, compliance reporting will be restructured to address Rural/Metro’s concerns about meeting certain response time requirements upon elimination of the USO exemption. Specifically, the proposed contract amendment changes the reporting structure for Priority Level 3 and 4 calls.

The restructured reporting requirements would maintain Priority Level 1 reporting as is – as a separate category and with data provided Citywide and by Zone. However, response times for Level 3 and 4 calls would no longer be reported as separate categories. Instead, all three Priority Levels – 1, 3, and 4 – would be combined for the purposes of data reporting and determining response time compliance as shown below. Priority 3 and 4 calls would still be expected to meet 15 and 30 minute response times respectively, but the data used to measure their compliance would be a combination of response times from Priorities 1, 3 and 4.

Proposed Revised Compliance Reporting

<b>Priority Level Data</b>	<b>Geographic Area</b>	<b>Response Time</b>
Level 1 – Life-threatening	Citywide and by Zone	12 minutes
Levels 1/3/4 Combined Data	Citywide	15 minutes for Level 3; 30 minutes for Level 4

While the actual response time for each Priority 3 and 4 call will continue to be recorded, this information will not be used to determine or assess contract penalties. Only the combined data will be used to make a penalty determination.

***Rural/Metro Required to Add Second New Ambulance Unit If Compliance Not Met in Zone 1***

For the months of May, June, and July 2014, the City and Rural/Metro will determine if the required 90% standard of meeting response times in Zone 1 has been achieved. If not, Rural/Metro will be required to provide sufficient additional resources to ensure such compliance. The amendment allows for Rural/Metro to request from the City up to \$83,000 as a contribution toward these new resources. Whether or not the City agrees to this request, Rural/Metro is required to provide all other resources necessary to achieve compliance.

## **FISCAL/POLICY DISCUSSION**

### **City Costs Associated with Second Amendment**

If approved, the proposed contract would have a net fiscal impact to the City of \$110,000 over the contract term. The City contribution would be made possible by waiving a portion of the scheduled Consumer Price Index (CPI) increase to Rural/Metro's FY 2015 fee paid to the City. The fee for FY 2015 would be reduced from \$10,528,781 to \$10,418,781.

Our office had initial concerns upon learning that the City would be paying any of the costs of an additional ambulance which has been determined necessary, at a minimum, to bring EMS calls within Zone 1 into compliance with the City's response time requirements upon elimination of the USO exemption. However, our \$110,000 contribution reduces their fee for FY 2015 by only 1.04%, and the FY 2015 fee remains slightly in excess of the FY 2014 fee of \$10,335,000. This \$110,000 contribution leverages Rural Metro's contribution of \$202,000. Further, per the contract amendment, Rural/Metro must bear the full burden of any additional resources that may be determined necessary if compliance continues to be an issue in Zone 1.

While there have been serious concerns about the current USO exemption and its impact on service levels and reported response times, it is important to note that Rural/Metro has not been out of compliance with the existing contract. Also, the USO exemption clause was agreed to by both the City and Rural/Metro.

Final SDMSE dissolution and transition includes a transfer of certain responsibilities such as IT back to the City, which will free up \$203,000 in Rural/Metro's budget. The company will apply those funds to the purchase the new ambulance unit. The City has agreed to contribute the remaining \$110,000 for the new unit by waiving \$110,000 of the \$193,000 CPI (1.87%) increase, that was to be added to Rural/Metro's FY 2015 fee. This reduces the FY 2015 CPI charge to \$83,000. If it is determined that a second ambulance unit or more are needed to ensure contract compliance, Rural/Metro may request an additional \$83,000 from the City to cover this cost. If granted, these funds would come from waiving the remainder of the planned CPI increase.

The proposed amendment does not include a significant change to the Average Patient Charge (APC) other than a 1.875% adjustment based on the Consumer Price Index.

### **Concerns about Compliance Report Restructuring in Second Amendment**

Our office has concern regarding the proposed restructuring of the compliance reporting which would combine response time data for Priorities 1, 3, and 4 for the purpose of measuring contract compliance. Priority 1 calls, which must respond within 12 minutes 90% of the time and make up an estimated 86% of the call volume, will provide a substantial cushion for achieving Priority 3 and 4 response times of 15 minutes and 30 minutes, respectively. These standards for the lower acuity calls, set in 1997, were clearly chosen for a reason and may need to be revisited and redefined in the new RFP. However, combining Priority 1 response times with those of Priority 3 and 4 calls will make it very difficult to identify response time issues in these two categories and to determine if additional resources are needed to meet service levels.

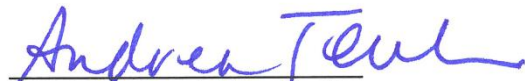
We recommend that the Fire-Rescue Department continue to provide the City Council with detailed response time data, broken down by each Priority Level, for the duration of the one-year contract extension. While this data would not be used to measure contract compliance, it would still be useful to the Council and the public in determining service quality.

## **CONCLUSION**

The amendment has the potential to bring service improvements to a historically underserved community in Zone 1. It is worth noting that in spite of the issues we have identified with combined reporting for lower-level Priority 3 and 4 calls, the City is potentially making significant gains in the critical areas of life threatening Level 1 calls in the southern part of the City. These gains are coming at a relatively low cost under the proposed contract terms, with a net fiscal impact of \$110,000 to the City in exchange for eliminating the often-controversial USO exemption. As a whole, the contract amendment has the potential to provide important improvements to service level equity among neighborhoods. The data have shown that Rural/Metro was not consistently meeting the 12-minute standard for Level 1 calls in Zone 1, and only avoided contractual noncompliance due to the USO exemption. This agreement, although imperfect, includes guarantees for actually meeting the 12-minute standard in all neighborhoods of the city for life threatening calls at a relatively minimal additional cost.



Chris Olsen  
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin  
Independent Budget Analyst