

HILDALE - COLORADO CITY FIRE DEPARTMENT

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To: Hildale City Manager
Hildale City Mayor
Apple Valley Town Manager
Town of Apple Valley Mayor
Town of Apple Valley Fire Chief
From: Kevin J. Barlow, Fire Chief
Date: May 12, 2023
RE: EMS as Essential Service and Sales Tax Funding Source

Background

Traditionally, municipalities have been required to provide fire protection and policing services, but emergency medical services (EMS) has not been a statutory service even though most towns and cities and/or counties provided the service. In 2021 the Utah Legislature passed a law (H.B. 303) declaring emergency medical services as an essential service and mandating that municipalities and counties ensure a minimum level of 9-1-1 ambulance services within their jurisdictions. This can be by direct provision or by contract or interlocal agreement.

For many years, Utah counties of the 3rd through 6th class have been allowed to use two sources of funding for EMS and rescue services. Many counties share both the Transient Room Tax (TRT) funds and a local hospital district tax with local EMS services. Washington County, being a county of the 2nd class, has not been able to use these sources to fund EMS response. In 2023, H.B. 392 was passed and signed by the Governor, amending 59-12-801 to allow Washington County municipalities and special service districts to enact up to a 1% sales tax to specifically fund EMS.

Since 1990, both the Hildale Fire Department (municipal) and the Colorado City Fire Department (district) have been combined through an Interlocal Agreement to form the Hildale-Colorado City Fire Department. This arrangement has provided an efficiency of resources and opportunities not available individually.

Funding Sources

Current funding sources for EMS have been derived largely from billing for ambulance transports, subsidized by property taxes and general funds. Emergency medical services provided by the Hildale-Colorado City Fire Department (HCCFD) have also been significantly subsidized by volunteer EMT and Paramedic donated time.

EMS billing is limited by state imposed maximum rates, only a 33% Medicare and Medicaid reimbursement rate, private insurance markdowns, and self-pay customers.

Some grant funding has been available for EMS specific needs. This has been for capital equipment and not operational expenditures. Because Washington County is a Class 2 county, many of the larger rural EMS grants have not been available to Hildale or Apple Valley.

In FY2021-22, the general fund subsidy for HCCFD was \$280 per call. This does not count the estimated contribution by volunteers at \$1,021 per call.

EMS as Essential Service and Sales Tax Funding Source

To date, the only funding from responses within the Town of Apple Valley has been from ambulance transport billing (approximately 40% of true cost), meaning that citizens of Hildale City, the Colorado City Fire District, and the HCCFD volunteers have been subsidizing each call.

Cost of Doing Business

During FY2021-22 the HCCFD responded to a total of 1,097 calls for service. 783 of these, (71%) were for EMS, with 76 being within the Apple Valley town limits. The total department expenditures for this time frame were \$1,248,326. This relates to an average of \$1,138 per call, showing that the cost to provide EMS was \$891,054. Add the cost of personnel and this would have been \$1,690,544.

There is a need to close the gap between cost of service and the amount received from billing and general fund sources and volunteer subsidy. The call volume and training requirements have begun to put an extraordinary burden on the diminishing volunteer pool. The National Volunteer Fire Council (NVFC) suggests that the typical response number where the transition between volunteer and paid staffing is around 700 calls per year.

Funding Needs

The newly approved sales tax option is a way to shift some of the burden of EMS expense from property taxes and volunteers. The new source of funding provides a way for the Town of Apple Valley to meet the legislated requirement of providing essential service for EMS. The new sales tax exempts food, fuel, and services. In most instances in Hildale and Apple Valley, sales tax is paid by non-residents through prepared food sales at the convenience stores and through transient short-term rentals and RV sites.

Based on data provided by the Utah State Tax Commission for the Rural Hospital Taxable Sales for calendar year 2022, a 1% rate would have raised \$198,925 in Hildale and \$119,530 in Apple Valley. It is expected that Apple Valley would retain a portion of the amount raised to help fund direct provision of first response EMS by their fire department. The State Tax Commission is requiring that all participating jurisdictions within the county institute the same rate, so the rate may be less than 1%. For instance, if St. George City participates they may insist on a lower rate. See attached spreadsheet showing the amounts that would be raised at 1%, 0.75%, 0.50 %, and 0.25%. By law, the amount raised within a jurisdiction can only be used for that jurisdiction.

Process

The procedure to implement this Rural Hospital Tax would be as follows:

1. Each political subdivision must submit a resolution of interest to the Washington County Commission, preferably prior to May 31, 2023. (See attached sample resolution from the Hurricane Valley Fire Special Service District.)
2. The Washington County Commission adopts a resolution calling for an election within each participating jurisdiction. The goal is to have the ballot question to the municipal voters at the August 15, 2023 Municipal Primary Election.

3. If the citizen vote is in favor within Hildale City and/or Town of Apple Valley jurisdictions the information would be provided to the Utah State Tax Commission who will begin notification and collection of the tax.
4. The distribution of collected funds would begin in February 2024.

Summary

The Hildale-Colorado City Fire Department has provided Emergency Medical Services to the southeastern region of Washington County and a large area of the Arizona Strip since the early 1980's, including ambulance transport service. The services have, to date, been provided by volunteer staffing which has significantly reduced the costs of doing business. There is a need to begin a transition to paid staffing. There is also a need to equitably reduce the burden on property tax payers

The newly enacted law amendment allowing Washington County agencies to institute a sales tax specifically for the purpose of providing emergency medical services is an opportunity to fund this essential service without increasing property taxes. The majority of the new tax would be paid by visitors to the area. The collected taxes would be used towards supporting EMS operations including capital equipment and personnel costs.

Attachments

UT State Tax Commission Spreadsheet of Taxable Sales
Sample HVFSSD Resolution
EMS Essential Service White Paper

References

Utah Code Annotated 1953 11-48-103
Utah H.B. 392 Rural County Health Care Facilities Tax Amendments

Hildale

Calendar Year	Local Option Sales Tax	Local Option Taxable Sales	State Food Sales Tax	Food Taxable Sales	Rural Hospital Taxable Sales	1%	0.75%	0.5%	0.25%
2019	115,230.20	11,523,020.00	20,680.14	1,181,722.29	10,341,297.71	103,412.98	77,559.73	51,706.49	25,853.24
2020	115,713.70	11,571,370.00	24,763.23	1,415,041.71	10,156,328.29	101,563.28	76,172.46	50,781.64	25,390.82
2021	288,951.75	28,895,175.00	28,670.16	1,638,294.86	27,256,880.14	272,568.80	204,426.60	136,284.40	68,142.20
2022	217,091.20	21,709,120.00	31,791.41	1,816,652.00	19,892,468.00	198,924.68	149,193.51	99,462.34	49,731.17

Apple Valley

Calendar Year	Local Option Sales Tax	Local Option Taxable Sales	State Food Sales Tax	Food Taxable Sales	Rural Hospital Taxable Sales				
2019	46,497.93	4,649,793.00	7,785.65	444,894.29	4,204,898.71	42,048.99	31,536.74	21,024.49	10,512.25
2020	72,524.74	7,252,474.00	7,761.20	443,497.14	6,808,976.86	68,089.77	51,067.33	34,044.88	17,022.44
2021	112,673.94	11,267,394.00	9,257.11	528,977.71	10,738,416.29	107,384.16	80,538.12	53,692.08	26,846.04
2022	125,113.40	12,511,340.00	9,771.82	558,389.71	11,952,950.29	119,529.50	89,647.13	59,764.75	29,882.38

Hildale & Apple Valley

Calendar Year	Local Option Sales Tax	Local Option Taxable Sales	State Food Sales Tax	Food Taxable Sales	Rural Hospital Taxable Sales				
2019	161,728.13	16,172,813.00	28,465.79	1,626,616.57	14,546,196.43	145,461.96	109,096.47	72,730.98	36,365.49
2020	188,238.44	18,823,844.00	32,524.43	1,858,538.86	16,965,305.14	169,653.05	127,239.79	84,826.53	42,413.26
2021	401,625.69	40,162,569.00	37,927.27	2,167,272.57	37,995,296.43	379,952.96	284,964.72	189,976.48	94,988.24
2022	342,204.60	34,220,460.00	41,563.23	2,375,041.71	31,845,418.29	318,454.18	238,840.64	159,227.09	79,613.55

Information provided by Utah State Tax Commission



Emergency Medical Services (EMS)

Local Government Contracts - EMS

Dan N. Johnson, Ed.D.
Utah House of Representatives

Chief Brad Hannig
Logan City Fire Department, Logan, UT

Commissioner Darin Bushman
Piute County

“EMS is at risk of not being able to operate, to save lives of our citizens, neighbors, friends and family when a medical emergency occurs.”

What is the issue?

There is a need designate and officially codify Emergency Medical Services (EMS) as an essential service as a means to financially support the under-funded services required by the State of Utah Bureau of Emergency Medical Services and Preparedness (BEMSP). Essential service means that it is required and governmentally supported.

According to Utah State Statute Title 26-8a-402, every city, town, county, etc. throughout the state must be covered by some level of EMS ambulance service; however, EMS is not considered an essential service according to Utah state law. Without being designated an essential service there is no guaranteed funding for EMS nor is there a mechanism to support the current mandate for coverage.

Although many cities and counties have naturally gravitated to supporting EMS services out of necessity, many communities statewide have abdicated responsibility for providing or paying for these services. Revised legislation will have no effect on those systems currently contracted for EMS ambulance service delivery. However, many cities, towns, and county areas in southern, central, and northern Utah provide little or no financial support to those ambulance service providers mandated to deliver their services. This is a statewide issue that should and needs to be addressed by the state legislature. High tourism or growth areas are some of the affected to include Piute, Iron, Grande, Wayne, Garfield, Kane, Box Elder, Cache, Washington, and other areas throughout the state.

The Utah State Fire Chief Association and other EMS ambulance providers believe that the life-saving public function fulfilled by EMS is essential, should be codified as essential, and necessitates support by all levels of government to ensure viability. The ability of EMS ambulance service providers to fulfill the required public functions in meeting the day-to-day needs of local communities and responding to disasters, public health crises, and mass casualty incidents depends upon sufficient resources. Local, county and state government authorities must share the responsibility for funding EMS ambulance. The proposed legislation does not change nor disrupt existing contracts for public or private EMS ambulance providers; it provides financial means for current ambulance providers who work with cities or counties that are receiving services without providing adequate compensation or any compensation. The legislation does not mandate financial exchange but does require entities to come to a mutually acceptable agreement.

In every community, EMS ambulance services are expected to deliver quality emergency medical care on a day-to-day basis as part of a continuum of health care services provided to all patients with emergency medical conditions. Regardless of the model of EMS care delivery, all EMS providers fulfill this mandated public function to the best of their ability for all patients in need and with limited resources. Due to the complexity of the delivery models, city or county governments have the option to choose which model works best for them.

1. Under current licensing requirements, there are no areas in the state uncovered by a licensed ambulance provider. [Title 26 Chapter 8a 402] Some of these providers cover a large geographical area which reduces the timeliness of emergency medical care.
2. Local community needs should be addressed between ambulance service providers (determined by Title 26-8a-408) and cities or counties through contract negotiations.
3. There are many EMS delivery types and/or levels of ambulance services –volunteer, part-time, or full-time through public or private services with a combination of:
 - a. First Responder Designation or Quick Response Unit (QRU): CPR and basic first aid certified; minimal level of care
 - b. Emergency Medical Technician (EMT) Certification: Basic Life Support (BLS)
 - c. Advanced Emergency Medical Technician (AEMT) Certification: Advanced Life Support (ALS)
 - d. Paramedic Certification: ALS; highest level of care

Why:

Strong public leadership and appropriate and consistent public funding is vital to ensure the viability, effectiveness, and sustainability of EMS and ambulance providers in Utah.

EMS, fire, and law enforcement work together to form a triad of critical services in disaster response and recovery. The role of EMS is to perform medical triage and provide life-saving treatment and transport. Both the Fire Service and Law Enforcement are funded through governmental sources, but EMS is not even though a certain level of service is required. EMS relies on a fragmented and inadequate patchwork of financing despite its significant public function. Funding for EMS ambulance services must be sufficient to ensure an effective response not only in daily operations but in response to disasters, mass casualty incidents, and any other public health crises.

The millions of Utahns who experience emergency medical conditions each year count on adequate EMS and ambulance service, so EMS must be able to count on a consistent governing body to financially support the delivery of these valuable services, by either providing those ambulance services or contracting with their current ambulance provider.

The delivery model for EMS vastly differs from urban to rural areas but these services are no less important to the people in either area. The proposed legislation places responsibility on local government, giving them the power to negotiate who will provide EMS and ambulance services at what cost if any, and the ability to determine the EMS system that will best meet their needs. As areas of the state continue to grow, it is the responsibility of those growing communities to assess and provide for their needs, including EMS ambulance service support.

1. Although transport revenue helps subsidize EMS services it doesn't cover all expenses, especially the state of readiness needed to meet the demand for services.
 - a. Most agencies collect less than 50% for billed services due to Medicaid and Medicare write-offs and uninsured patients. Agencies cannot increase rates to compensate the loss since the rates are set by the BEMSP (Title 26-8a-403). The rates are established on collective data from agency fiscal reporting.

- b. The cost of services and revenue generation varies for each jurisdiction depending on demographics, transient populations, transport or transfer revenue potential, and collection percentages.
 - c. Cost of services include capital equipment, staffing, training, certifications, state of readiness, and more.
 - d. A state of readiness requires an additional staffing expense usually generated from local tax base, but in some agencies, there are no affiliation at all with local governments.
 - e. There is a level of services such as lift assists, wellness checks, minor injuries or accidents without transport that are not billable, and these costs are absorbed by the agency.
- 2. An ambulance service provider should not be obligated to subsidize the cost of services they provide to another city, town, or county.
- 3. Less than a dozen states have some type of legislation supporting EMS as an essential service including Nevada, Oregon, Hawaii, Nebraska, Indiana, Louisiana, Pennsylvania, Connecticut, Washington DC, Virginia, and West Virginia. Iowa and Montana have recently drafted legislation for approval. *(NBC nightly news, [sources from state health departments and state EMS agencies])

How:

Require local government entities through legislation to either provide or contract for EMS and ambulance services for their communities to ensure citizens and visitors have adequate emergency ambulance services.

Some cities or counties could explore options and criteria to share or potentially consolidate services to decrease costs. However, all contract negotiations should consider all factors, including service delivery models and the needs of the area based on expectations and/or affordability. Participating entities should enter a formal agreement or contract to address expenses, revenue, and services. If the negotiating or contracted parties reach an impasse, the proposed legislation provides criteria for providers to withdraw from the service area, appoint third party mediation, or enter binding arbitration.