

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: January 23, 2024

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – State GEMT Payment

PURPOSE

The Village of Homewood began participating in the Ground Emergency Medical Transportation (GEMT) program in 2022. The GEMT program is a federally funded Medicaid program. The program allows municipalities an opportunity to collect an additional Medicaid reimbursement amount for ambulance services beyond what the State currently reimburses for Medicaid claims for emergency transportation, which is a set amount regardless of the actual cost of providing the services.

Staff requests that the Board consider approving a budget amendment request to pay the Illinois Department of Healthcare and Family Services (HFS) their 50% invoiced share of Ground Emergency Medical Transport (GEMT) Program revenue per the annual Intergovernmental Agreement with the HFS approved at the September 26, 2023 Board of Trustees Meeting.

PROCESS

Medicaid payment rates for ambulance transport services are often 70% less than the actual cost of providing those services. An average Medicaid payment is roughly \$120 per ambulatory transport, although the true cost to provide the service is many times this amount. Currently, the State of Illinois reimburses municipalities a miniscule and set amount for Medicaid transports, regardless of the actual cost of providing those services. Through the GEMT program, the federal government will subsidize and pay the State the difference between the set amount and the *actual costs* incurred for Medicaid ambulatory transports. When the State receives the subsidized funds from the federal government, the State forwards the difference to the Village. At some point, the State will then invoice the Village for 50% of what is collected. The Village retains the remaining 50%.

Although the Village has participated and collected funding as part of the program since 2022; the State never submitted an invoice for their 50% of the funding, so all of the revenue that was collected was placed in our surplus or fund balance. The final audit from fiscal year 2022-2023 showed a \$4.66M increase to fund balance. The GEMT dollars were part of this elevated fund balance.

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At the time the budget process was near complete for fiscal year 2023-2024, the Village estimated our fiscal year GEMT deposits would be approximately \$800,000. We then calculated the (50%) net revenue to the Village from GEMT to be roughly \$400,000. An expense line item for the 50% owed to the State was budgeted within the Fire Department program for \$400,000.

In May of 2023, the State invoiced the Village for two (2) quarters of 2022 in the amount of \$210,715.94. In November 2023, the Village received a second invoice from the State for \$763,122.67. The State is now catching up on the prior quarters. This invoice covers four (4) quarters (July 2022 through June 2023). A budget amendment of \$573,838.61 is required to cover this invoice. The funding for the budget amendment will come from the Village's unassigned fund balance (reserves).

The Village's ambulance billing company, Paramedic Billing Services (PBS), advised their clients to request the detailed trips from the State of Illinois associated with the invoices received prior to making payment. Fire Chief Grabowski made the request to the State and forwarded the detail to PBS for review. The billing was confirmed and verified. The Village needs to remit the \$763,122.67 payment to the State by January 31, 2024.

Recent Fund Balance Actions

The new fund balance policy that was approved by the Board of Trustees at the September 26, 2023 meeting requires the Village to maintain at least five (5) months of operating expenditures on hand. The Village still had \$3.7M of unassigned fund balance available over the required minimum. \$2M of the funds were approved to be transferred to the Capital Projects fund by the Board of Trustees at the December 12, 2023 meeting. The \$573,838.61 needed to cover the State's invoice for the GEMT program will come from the remaining \$1.7M available over the Village's required five month unassigned fund balance minimum.

General Fund Fund Balance	
Unassigned Fund Balance Available Over Required Minimum	\$ 3,700,000
Transfer Unassigned Fund Balance to Capital Projects Fund	\$ (2,000,000)
<i>Remaining Unassigned Fund Balance</i>	\$ 1,700,000
Budget Amendment for GEMT Payments	\$ (573,838)
Remaining Unassigned Fund Balance Over Required Minimum	\$ 1,126,162

In the upcoming budget process for fiscal year 2024-2025, the Village will adjust the GEMT Ambulance Fees expense line item as appropriate to cover future invoices.

OUTCOME

Approval of the budget amendment will allow the Village to meet its obligation to remit 50% of the GEMT revenue collected back to the HFS.

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FINANCIAL IMPACT

- **Funding Source:** General Fund – Unassigned Fund Balance (reserves) \$1.7M
- **Budgeted Amount:** \$400,000
- **Expenses to Date:** \$210,715.94 (2 quarters)
- **Total Payment Due:** \$763,122.67 (4 quarters)
- **Budget Amendment Amount:** \$573,838.61

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment for \$573,838.61 to the Ground Emergency Medical Transport (GEMT) Ambulance Fees line item within the Fire Department budget to satisfy the 50% cost share invoices submitted by the Illinois Department of Healthcare and Family Services, as agreed upon in the Intergovernmental Agreement.

ATTACHMENT(S)

Invoice