

EMERGENCY MEDICAL SERVICE ANALYSIS

CITY OF MAUSTON



FOR
CITY OF MAUSTON
Juneau County, WI
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TABLE OF CONTENTS



| | | |
|-------|---|--------|
| I. | INTRODUCTION | page 1 |
| II. | PROJECT WORK TASKS..... | page 1 |
| III. | CITY OF MAUSTON OVERVIEW..... | page 2 |
| IV. | MAUSTON AREA AMBULANCE ASSOCIATION (MAAA) OVERVIEW..... | page 2 |
| V. | MAUSTON AREA AMBULANCE ASSOC. PARTNERSHIP OVERVIEW..... | page 2 |
| VI. | POTENTIAL CITY-OPERATED EMS SERVICE..... | page 3 |
| VII. | CONTINUING PARTNERSHIP WITH MAAA..... | page 6 |
| VIII. | SUMMARY..... | page 7 |

I. INTRODUCTION

The City of Mauston (City) retained McMahon Associates, Inc. (McMahon) to evaluate the feasibility and potential fiscal impacts associated with establishing and operating a municipal emergency medical service (EMS) agency.

Currently, EMS is provided to the City of Mauston by the Mauston Area Ambulance Association (MAAA), a regional nonprofit ambulance service that delivers paramedic-level response to the City and twenty-one surrounding communities. Funding for this service is derived through a subsidy formula based on a combination of service utilization (run volume), population, and equalized assessed property value for each participating municipality.

This report presents the findings of Phase I of the study, which primarily evaluates the fiscal considerations associated with potential changes to EMS service delivery for the City.

II. PROJECT WORK TASKS – Phase 1

Phase I of the study focused primarily on evaluating the financial implications associated with the City establishing and operating its own municipal EMS system. Potential internal organizational models suggested by the City included integration within the City of Mauston Fire Department, establishment as a standalone EMS department, or placement within a consolidated public safety division.

Phase I did not include an analysis of the following items, including but not limited to:

- Capital and start-up cost requirements
- State licensing and certification timelines and associated costs
- Ambulance acquisition and required equipment
- Facility renovations and/or station modifications

To complete this phase of the analysis, McMahon staff conducted meetings with the City Administrator and reviewed available documentation from both the City and MAAA. This review provided historical operational, financial, and service demand data necessary to develop preliminary operating budget projections and revenue estimates associated with a potential municipal EMS system.

The following summarizes the work tasks completed as part of this phase of the project:

- Established a project team consisting of McMahon personnel with expertise in fire and EMS operations and the City Administrator.
- Conducted an initial project planning meeting to confirm project objectives, define scope, coordinate schedules, and establish project communication protocols.
- Collected and reviewed relevant documentation related to EMS operations, finances, and service delivery.
- Prepared for and facilitated a project status meeting to discuss preliminary findings and review draft observations.
- Evaluated alternative EMS service delivery models available to the City.

- Developed findings and recommendations based on the analysis performed.
- Prepared a draft report and conducted internal quality assurance review to ensure consistency with McMahon standards and project objectives.
- Submitted the draft report to the project team for review and comment.
- Incorporated appropriate revisions based on feedback received and prepared the final report.
- Presentation of findings and recommendations to the City Council and participating Town Boards (TBD).

III. CITY OF MAUSTON OVERVIEW

The City of Mauston, based on its population, is a rural community located in southwestern Wisconsin and serves as the county seat of Juneau County. The City is situated along the I-90/94 corridor, approximately 70 miles northwest of Madison and approximately 15 minutes west of Wisconsin Dells.

The City's estimated population in 2026 is approximately 4,347 residents.

Mauston operates as a full-service municipality governed by a Mayor and Common Council and administered by a City Administrator. Municipal services provided include police, fire protection, public works, and municipal utility services.

IV. MAUSTON AREA AMBULANCE ASSOCIATION OVERVIEW

The Mauston Area Ambulance Association (MAAA) is a private, nonprofit organization established in August 1979 to provide emergency medical response and patient transport services to communities within central, eastern, and southern Juneau County.

MAAA staffs Emergency Medical Technicians (EMTs), Advanced EMTs, and Paramedics, providing paramedic-level ambulance response 24 hours per day, seven days a week. The organization currently operates three paramedic-level ambulances and serves an estimated service population of approximately 21,000 residents and visitors.

Operations are conducted from two ambulance stations, including one located within the City of Mauston.

V. MAUSTON AREA AMBULANCE ASSOCIATION PARTNERSHIP OVERVIEW

The City of Mauston currently participates in the MAAA service through an Ambulance Service Contract executed in 2023. The agreement includes automatic annual renewals beginning January 1 of each year unless either party provides written notice of termination no later than July 1 of the year preceding the next contract term.

Municipal financial participation in MAAA is determined through a subsidy formula. The formula calculates each community's annual financial contribution by subtracting anticipated patient user fee

revenue from the organization’s total operating budget. The remaining balance is allocated among participating municipalities based on:

- Population
- Equalized assessed property value
- Historical ambulance call volume

Call volume is calculated using service activity as of December 31, two years prior to the applicable contract year.

MAAA’s budget and City of Mauston’s subsidy for the past three years:

| | 2024 Proposed Budget | % Increase Over 2023 | \$ Increase Over 2023 | 2025 Proposed Budget | % Increase Over 2024 | \$ Increase Over 2024 | 2026 Proposed Budget | % Increase Over 2025 | \$ Increase Over 2025 |
|---|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| MAAA Expenses | \$ 2,668,172 | 47.58% | \$ 860,232 | \$ 3,069,723 | 15.05% | \$401,551 | \$ 3,245,687 | 5.73% | \$175,964 |
| MAAA Municipalities Subsidies | \$ 1,080,815 | 61.45% | \$ 411,375 | \$ 1,538,723 | 42.37% | \$457,908 | \$ 1,560,188 | 1.39% | \$ 21,465 |
| Mauston Only Subsidies | \$ 209,969 | -2.35% | \$ (5,052) | \$ 291,330 | 38.75% | \$ 81,361 | \$ 296,590 | 1.81% | \$ 5,260 |
| Mauston % of Municipal Subsidies | | 19.4% | | | 18.9% | | | 19.0% | |

Historical budget data indicates that the City of Mauston represents a significant percent of the total financial contribution supporting MAAA operations. Despite this significant financial participation, City officials indicated limited operational oversight or participation in the organization’s budgeting and decision-making processes.

Several areas of concern were identified during the review process. These include:

- A significant increase in the City’s subsidy in 2024, totaling approximately \$81,000.
- Limited transparency related to budget changes, including personnel wage adjustments and paramedic training expenditures.
- Increased call volume associated with the opening of the Mile Bluff Urgent Care Center within the City.

The increase in EMS calls related to the urgent care facility directly affects the subsidy formula by increasing the City’s proportional share of system costs. While MAAA receives patient revenue associated with these transports, the City’s financial contribution increases due to the formula structure.

VI. POTENTIAL CITY-OPERATED EMS SERVICE

McMahon was asked to evaluate the potential cost structure associated with the City establishing and operating a municipal ambulance service.

Using available financial and operational data from MAAA, McMahon developed preliminary estimates of operating expenses and potential revenue associated with a City-operated service. The analysis compared current MAAA budget data (*column #2*) with estimated operational costs for a City-only service model (*column #3*).

Three potential service structures were considered:

City-Only Municipal EMS Service

Under this model, the City would assume full ownership and operational responsibility for a municipal ambulance service providing EMS response within its jurisdictional boundaries. Projections of operating revenues and expenses were developed based on historical call volume data, supplemented by applicable industry benchmarks and comparable service models.

| City Only Projection | Projected City of Mauston EMS Budget |
|------------------------------------|---|
| Total Expenses | \$ 1,000,944 |
| | |
| Total Revenues | \$ 393,005 |
| | |
| PROJECTED SURPLUS/(DEFICIT) | \$ (607,939) |
| | |
| 2026 MAUSTON'S MAAA SUBSIDY | \$ 296,590 |

Revenue performance is highly dependent on call volume, which serves as the primary driver of transport-related income. Consequently, any reduction in call volume would have a disproportionate impact on revenue, increasing the net cost burden to the community. Based on current assumptions, the annual cost to operate a City-run ambulance service is estimated to exceed \$600,000. In comparison, the City’s existing subsidy to MAAA is approximately \$300,000, indicating a substantially higher financial commitment under a municipally operated model.

Regional Partnership with Current Fire Protection Partners

To enhance financial sustainability, the City could evaluate opportunities to establish an expanded, regionalized EMS service model in partnership with neighboring municipalities that currently contract with the City for fire protection services. A shared service approach would allow participating jurisdictions to distribute operational costs while maintaining coordinated, regional emergency medical coverage.

| Current Fire Protection Partners | Projected City of Mauston EMS Budget |
|---|---|
| Total Expenses | \$ 1,027,866 |
| | |
| Total Revenues | \$ 802,149 |
| | |
| PROJECTED SURPLUS/(DEFICIT) | \$ (225,717) |
| | |
| 2026 MAUSTON'S MAAA SUBSIDY | \$ 296,590 |

As with other scenarios, the financial performance of this model is extremely sensitive to call volume and its direct influence on transport-related revenue. This analysis further assumes that partner communities would contribute at levels comparable to their current payments to MAAA. Under these assumptions, the estimated cost to City taxpayers is approximately \$225,717, compared to the current subsidy of \$296,590. While this indicates a potential cost reduction, it is important to note that market competition for qualified personnel, as well as start-up and capital investment requirements, could significantly impact the actual costs and should be carefully evaluated prior to implementation.

Expanded Regional EMS Authority

The final model evaluated involves forming a new regional EMS system in partnership with municipalities that are not currently within the fire protection district but are existing participants in MAAA and may have an interest in transitioning to a municipally governed service. This approach would enable participating jurisdictions to share operational and capital costs while establishing a governance structure that provides enhanced oversight, accountability, and local control. Under certain assumptions, this model may also offer the potential to reduce costs for Mauston taxpayers.

| Possible Regional Partners | Projected City of Mauston EMS Budget |
|------------------------------------|---|
| Total Expenses | \$ 1,040,366 |
| | |
| Total Revenues | \$ 919,724 |
| | |
| PROJECTED SURPLUS/(DEFICIT) | \$ (120,642) |
| | |
| 2026 MAUSTON'S MAAA SUBSIDY | \$ 296,590 |

It is important to recognize that withdrawal from MAAA—whether undertaken independently by the City or in coordination with other municipalities—could significantly impact the financial and operational stability of the existing regional EMS system. Like many EMS systems across Wisconsin and the United States, workforce shortages represent a significant challenge. Increased competition for qualified EMS professionals may lead to higher personnel costs and operational strain across the region.

Both alternatives may be incentivized by current and proposed legislation. Wisconsin law provides specific levy limit exemptions and adjustments for municipalities and counties that form or participate in regional emergency medical services. This should be utilized when considering partnering with other municipalities.

Cautionary Note:

Operating a municipal ambulance service presents significant financial challenges. Insurance payer mixes are heavily weighted towards Medicare and Medicaid, resulting in lower reimbursement rates that do not fully cover the costs of service delivery. In review of the data provided by MAAA, Medicare insurance made up 65% of the entire payer mix of ambulance transports. Medicaid was 13% of the payer mix. Using the median Midwest profile for ALS and BLS charges, Medicare would pay approximately 29 percent of charges; and Medicaid would pay approximately 19% of charges.

As with other healthcare providers, ambulance service charges must be structured so that higher payments from private insurers partially offset losses from government payers. However, when a service accepts Medicaid, it is prohibited from billing patients for any remaining unpaid balance for those patients with Medicare and Medicaid insurances.

As a result, ambulance services must rely on supplemental revenue sources to remain financially viable. This challenge is intensified by the largely fixed cost structure of ambulance operations, particularly salaries and benefits. Maintaining a 24/7/365 paramedic response capability requires continuous staffing, regardless of call volume.

To address this imbalance, services often seek to increase transport volume to reduce per-transport costs. Even so, volume alone is frequently insufficient to achieve financial sustainability. Many services therefore also depend on municipal subsidies, state and federal grants, and fundraising efforts to offset operating deficits and maintain reliable emergency medical services for their communities.

VII. CONTINUING PARTNERSHIP WITH MAAA

The option of maintaining the City's current partnership with MAAA was also evaluated.

MAAA currently provides consistent paramedic-level emergency medical response 24 hours per day, and the presence of a station within the City contributes to favorable response capabilities for local residents.

Additionally, the current structure provides the City with a relatively predictable annual cost structure, which can assist with municipal budgeting.

While a final determination regarding continued participation in MAAA was outside the scope of Phase I of this study, several areas were identified that could potentially improve the existing partnership structure:

- **Enhanced Municipal Representation**
 Given that the City generates a significant percentage of MAAA’s billable service revenue and run volume, additional weighted representation in governance or decision-making processes may be appropriate.

- **Improved Budget Transparency**
 Greater participation in the annual budget development process could help provide earlier awareness of cost increases and operational changes. This is crucial since city tax dollars and being spent and the City has a responsibility in how they are spent. Earlier involvement and guidance from the Finance Committee should mitigate unusual funding / subsidy requirements from year to year. The Finance Committee is encouraged to develop a philosophy / policy on restructuring subsidy payments when excess income from operations is generated (after capital needs are funded).

- **Review of the Subsidy Allocation Formula**
 Consideration should be given to modifying the subsidy formula to address call volume impacts associated with the Mile Bluff medical facility.

- **Operational Performance Review**
 The City may wish to request a formal operational review using nationally recognized standards such as those established by the Commission on Accreditation of Ambulance Services (CAAS).

- **Annual Independent Financial Audit**
 Conducting an annual independent financial audit through a third-party accounting firm could improve financial transparency and accountability.

VIII. Summary

The City of Mauston engaged McMahon Associates, Inc. (McMahon) to evaluate the feasibility and financial implications of establishing a municipally operated Emergency Medical Services (EMS) system. This Phase I analysis focuses primarily on financial considerations, comparing the current regional service model with potential standalone City-operated and City-operated partnership alternatives.

EMS services are provided by the Mauston Area Ambulance Association (MAAA), a regional nonprofit serving 22 communities with 24/7 paramedic-level care. Funding is allocated through a subsidy formula based on population, property value, and call volume.

While the model delivers reliable service and predictable costs, the City is a significant financial contributor but believes it has limited governance and budget transparency. Key concerns include rising subsidy levels, limited visibility into cost drivers, and increased call volumes

associated with local healthcare expansion, which disproportionately impacts the City's cost share.

Preliminary analysis indicates that a City-operated EMS system may be feasible depending on the service model and potential regional partnerships. However, a City-only ambulance service would require careful financial planning due to the staffing and operational costs associated with providing 24-hour paramedic-level coverage. Any changes to the current structure could also have broader regional impacts on the existing EMS system.

It should be noted that operating a City-based EMS system faces inherent financial challenges driven by a heavy reliance on Medicare (65%) and Medicaid (13%), both of which reimburse below the actual cost of service delivery. These constraints are compounded by the high fixed costs required to maintain 24/7 staffing, regulatory limitations on billing and cost recovery, and the ongoing need for municipal subsidies and supplemental funding sources. As a result, most EMS systems operate with structural deficits, regardless of the delivery model.

Continuing participation in MAAA remains a viable and stable option, providing established infrastructure and staffing, reliable response capabilities, and predictable annual costs. However, several improvements are recommended to enhance value and oversight, including increasing the City's representation in governance and decision-making, expanding involvement in the budget development process to improve financial transparency, reviewing the subsidy allocation formula to address disproportionate impacts from call volume (such as those associated with local healthcare facilities), conducting formal operational performance evaluations using recognized standards (e.g., CAAS), and implementing annual independent financial audits to strengthen accountability.

Should the City elect to pursue a municipally operated EMS service, additional due diligence will be essential to fully inform decision-making. This should include a comprehensive evaluation of capital start-up costs (including facilities, vehicles, and equipment), state licensing and certification requirements and timelines, and detailed implementation planning encompassing staffing, governance, and operational transition.

Further analysis should also assess the applicability and financial impact of Wisconsin statutory provisions that provide levy limit exemptions and adjustments for municipalities participating in regional EMS systems. Leveraging these mechanisms, where appropriate, may help offset costs and improve long-term financial sustainability. Collectively, this additional analysis will be critical to refining cost projections, mitigating risk, and ensuring a successful and sustainable service delivery model.