



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5833
March 16, 2021
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5833: Emergency Medical Transport Revenues	<input checked="" type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Receive staff's status report and provide general direction to update the emergency medical (ambulance) transport program.	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENTS:	Finance and Fire
STAFF:	Matthew Mornick, Finance Director Jeff Clark, Interim Fire Chief
COUNCIL LIAISON:	n/a
EXHIBITS:	1. MIFD Transport Fee Collection Standard Operating Guidelines 700.18 2. Federal Health and Human Services 2021 Poverty Guidelines 3. Mercer Island Financial Assistance Form
CITY COUNCIL PRIORITY:	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

SUMMARY

The purpose of this agenda bill is to seek direction from the City Council on the policies guiding emergency medical transportation fees. In 2012, the Mercer Island Fire Department (MIFD) adopted a policy that determines how emergency medical (ambulance) transport fees – also known as Basic Life Support (BLS) transport fees – are assessed. Though the City Council adopted a resolution setting fees for the service, the City Council has not had the opportunity to shape the rules guiding how and when BLS medical transport fees are collected.

BACKGROUND

Of the many services provided by MIFD, emergency medical services (EMS) are the most frequently used by Mercer Island residents. Nearly 70% of all 911-calls MIFD received from 2018 to 2020 involved medical-related emergencies.

Funding support for emergency medical services includes:

- An annual contribution from the King County EMS levy (\$645,000 in FY 2021)
- An annual EMS utility charge (\$628,000 in FY 2021) adopted annually with utility rate changes; and,

- Revenues from emergency medical transport fees, also known as the Ambulance Transport Fee (\$303,000 in FY 2021).

Most of MIFD's remaining \$7 million annual budget is funded by the General Fund (\$5.3 million in FY 2021).

In December 2010, the City Council implemented a new fee for emergency medical transportation provided by the City's Fire Department. The initial base fee adopted by Council ([AB 4587](#), [Resolution No. 1437](#)) was \$770 per transport. This policy was adopted at a time when other municipalities and fire agencies were implementing similar fees to establish a distinct revenue stream that supports the provision of the service.

After staff reviewed the efficacy of the program in January 2012, the City Council adopted [Resolution No. 1449](#), which incorporated a reimbursement fee of \$15.00 per mile in addition to the original \$770 base transport fee. The emergency medical transport fees were intended to recover transportation costs from Medicaid, Medicare, and private insurance providers. At the time of adoption, the City elected to waive patient's insurance co-payments and not pursue unpaid balances.

A financial assistance policy was established in conjunction with the 2012 base transport fee and mileage reimbursement to ensure all patients received high quality care regardless of the ability to pay. Consistent with the rules set forth in WAC 246-453-001 through 246-453-060, the City provides financial assistance to persons who qualify (Exhibit 2). To date, financial assistance has been provided to all that have substantiated their need for assistance with requisite supporting documentation (Exhibit 3).

Since the BLS transport program's inception, a third-party billing agency called Systems Design West was hired to manage all transport fee billing and the financial assistance program for the City. The company provides ambulance billing, EMS billing, and accounting services for Fire and Rescue organizations throughout King County. In 2018 and 2019, they collected an average of \$278,000 in annual emergency medical transport revenues on the City's behalf. This amounts to roughly half of the total amount invoiced for transport services provided. The difference in the amount billed versus the amount collected results in part because private insurance companies, Medicare, and Medicaid do not cover the full cost of the transport service. In addition, the City does not pursue out-of-pocket fees (copays) or unpaid balances for emergency medical transport.

When the Fire Department originally established the emergency medical transport fee program in February 2012, MIFD chose to waive copay balances for all patients regardless of residency status. Patients who did not have insurance were billed for the full balance. If no response was received after three months, the patient is listed as "uncollectible" with no further actions taken by the City or the third-party biller.

In 2020 this policy was amended administratively so that the copay waiver applied only to insured residents and employees working in the City at the time of transport. Per Exhibit 1, insured residents unpaid balances are waived; uninsured residents are billed for the full cost of service, but not sent to collections; and non-residents are held responsible for their out-of-pocket costs but are not sent to collections. The staff recommends revisiting this policy approach, addressing the inconsistencies, and formalizing the changes via resolution approved by the City Council.

Per the former policy, for fiscal year 2019 the City waived a total of \$58,300 copayments for patients who received medical transport services that live on Mercer Island and live elsewhere. Given the policy change that was made in 2020, it is expected that the annual amount waived will decrease. Staff do not yet have reliable numbers to estimate the revenue impact of the policy change.

To manage staff capacity and ensure community responsiveness within the Fire department, American Medical Response (AMR) provides additional capacity for emergency medical transport services. Most Fire Departments in King County Zone 1 operate through a single contract with AMR. Mercer Island is part of this contract which establishes the AMR rate, which is a \$820.54 base fee per transport and \$19.90 per mile for 2021. AMR charges this rate with an annual inflator tied to Healthcare CPI-W or 3.5%, whichever is greater.

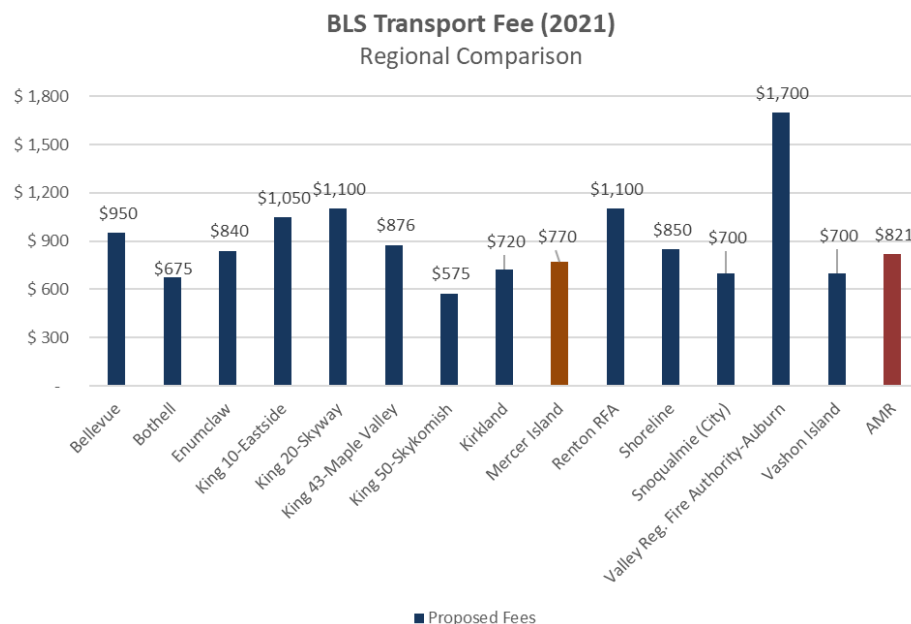
Most medical transports on Mercer Island are provided by MIFD. From 2018 to 2020, AMR provided 35% of emergency medical transports. The Fire department provided transportation for the remaining 65% of emergency medical calls. Unlike MIFD, when AMR provides transport services, they employ a collection process to ensure full cost recovery of their services.

DISCUSSION

Mercer Island City Code [4.60.010](#) imposes the Basic Life Support (BLS) transport user fee and states that “All persons transported for BLS by the city’s fire department shall be charged and billed BLS transport fees by the City at rates set and adjusted as necessary by resolution of the City Council. The city manager or his/her designee shall establish a procedure to bill and collect BLS transport fees. The city may contract with a billing service and/or collection agency to bill and collect the same.”

When the fee was established in 2012, there was no cost recovery target established and the policy did not include an annual inflationary factor. The fee was set to be consistent with fees charged by other local fire departments and private ambulance providers and sought to maximize reimbursements from the patient’s insurance.

The \$770 base transport fee and \$15 per mile reimbursement for MIFD emergency medical transport have remained unchanged since 2012. Many agencies within the region raised emergency medical transport fees at the beginning of 2021. The table below provides a regional fee comparison.



Policy & Financial Impacts

Based on the policy set forth in Resolution No. 1449, a patient who receives emergency medical transport on Mercer Island is billed differently and less than a patient who receives emergency medical transport from

AMR. In addition, the policy treats residents and City employees differently than non-residents. The fees have gone unchanged for ten years and do not reflect the cost of services on the island or within the region.

Staff is seeking initial feedback and recommendations from the City Council on the emergency medical transport fees policy. This feedback will inform a revised policy to be presented to the City Council at a future meeting (Current policy Exhibit 1). Consider the policy questions below:

1. What considerations would you suggest concerning the setting of the transport fees and an annual inflator?
2. What considerations would you suggest concerning the collection of co-payments and charges to residents versus non-residents? For patients who are insured versus those that are uninsured?
3. Should staff consider implementing a collections process?
4. Do you have any suggestions to improve the existing financial assistance program?

With City Council's direction, staff will return with a revised policy for Council adoption later this year.

RECOMMENDATION

Discussion only. Staff seeks initial feedback from the City Council on potential policy amendments related to Emergency Medical Transport Fees to prepare a revised policy for City Council's review and adoption.